Daily Report

Latin America

FBIS-LAT-95-042
Friday
3 March 1995

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FBIS-LAT-95-042 *3 March 1995*

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Presidents' Reaction to U.S. Narcotics Report Noted

PY0303012195 Asuncion ULTIMA HORA in Spanish 2 Mar 95 pp 2, 3

[FBIS Translated Text] Paraguay, Bolivia, Peru, and Colombia, the countries most affected by the U.S. State Department report on drugs, will invite the United States to talk about the issue of drug trafficking in order to look for better ways to fight the scourge with increased U.S. aid.

The report provoked reactions from presidents Juan Carlos Wasmosy, Gonzalo Sanchez de Lozada, Alberto Fujimori, and Ernesto Samper while they were still in Montevideo. The four presidents decided to talk with President Bill Clinton about the problem.

"All the presidents decided to send a note to the United States (to President Bill Clinton) calling on the President to sit down with us to discuss the issue, to determine the bases for the State Department classification of our countries, and to form an alliance among all our countries to fight this scourge, while avoiding unilateral classifications without specifying reasons."

These remarks were made by President Wasmosy, who was visibly angry with the U.S. State Department report, which noted that Paraguay was one of the countries that was doing too little to fight drug trafficking, and gave it "a special place" on the U.S. "black list."

The president and his entourage arrived at the main airport last night after attending Julio Maria Sanguinetti's inauguration in Montevideo.

Wasmosy did not want to talk at first. But when reporters insisted, he said: "I would very much appreciate it if the foreign minister could give us a report with respect to Paraguay's inclusion on the U.S. list along with Bolivia and Peru. This is why all the presidents decided to send a note to the United States (to President Bill Clinton), calling on the President to sit down with us to discuss the issue, to determine the bases for the State Department classification of our countries, and to form an alliance among all our countries to fight this scourge, avoiding unilateral classifications without specifying reasons.

Disagreement

Wasmosy said he does not agree with Clinton's classification of our country. "I do not agree; although we are not on the list of countries classified as drug trafficking nations, we are told that we are one of those countries doing too little to fight drug trafficking, and that we were exempted from receiving sanctions only for political reasons."

"Well, there must be an explanation, but I would like to sit down with the presidents of all the other countries involved or classified in a manner similar to us in order to talk with the Unites States about the issue. We alone can do nothing. We talk a great deal during presidential meetings, but I think we must take action together and not in an isolated way."

The U.S. State Department report is eight pages in length, and it says that Paraguay is a country used for the transit of narcotics coming mainly from Bolivia and Colombia, as are Argentina and Brazil, and that the drugs are later sold in the United States and Europe.

As a consequence of the document, the State Department decided not to give our country a positive certification. The State Department holds the view that the Wasmosy administration is not doing enough to fight drug trafficking and narcotics.

Fujimori: Peruvian Army Best Equipped in Latin America

PY0203184595 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1700 GMT 2 Mar 95

[Special report from Montevideo by Maria Teresa Guerra]

[FBIS Translated Text] In Montevideo, the Peruvian and Ecuadoran presidents only made reciprocal accusations. It was also said that during a dinner Ecuadoran President Sixto Duran-Ballen refused to shake President Alberto Fujimori's hand. His remarks to the press were categorical:

[Begin Duran-Ballen recording] I am a person who has always been cordial and polite. But I believe that neither cordiality nor politeness deprive us of the right to say things that we feel and see. We have been attacked and harassed. [end recording]

But President Fujimori said that the deep differences between the two presidents are not sufficient grounds for Peru and Ecuador not to find a peaceful solution.

[Begin recording] [Reporter] How much is the war costing Peru? Is it as much as they say?

[Fujimori] No. In fact, Peru has been one of the best armed countries in Latin America.

[Reporter] And was that to fight Shining Path terrorism?

[Fujimori] No. No, but because a few years ago it was thought that we could engage in war with Chile, and for this reason the military government decided to purchase all kinds of weapons. I do not think there is any other army in Latin America with as many tanks, supersonic planes, Russian planes, and all kinds of missiles... [end recording]

Fujimori was clear in stating that if the main problem with Ecuador is not solved, there could be war at any time.

Brazil's Lampreia: Guarantors Reaching Limits of Patience

PY0303023595 Rio de Janeiro O GLOBO in Portuguese 2 Mar 95 p 18

[Report by special correspondent Lydia Medeiros in Montevideo, Uruguay]

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[FBIS Translated Excerpt] Brazilian Foreign Minister Luiz Felipe Lampreia yesterday said that the new cease-fire commitment signed by Ecuador and Peru through the Montevideo Declaration represents the limits of the patience and the diplomatic capabilities of the four guarantor countries—Brazil, Argentina, the United States of America, and Chile. The new agreement—which reiterates the cease-fire commitment signed in Brasilia on 17 February—was signed during a meeting at the Brazilian Embassy in Uruguay that started on 28 February and ended early on 1 March, and included the participation of the foreign ministers of Peru and Ecuador and representatives of the guarantor countries.

Lampreia said: The two countries are convinced that the guarantor themselves have reached the limits of their patience. I believe that the guarantor countries, through the effort made last night, have come close to the limits of their diplomatic abilities. If this agreement does not hold, it will be necessary to resort to other mechanisms. [passage omitted]

According to Lampreia, the cease-fire is the first stage to bring the conflict to an end. It must be followed by the withdrawal of troops and by the demilitarization of the conflict zone. This process will be monitored by a mission of observers that is scheduled to arrive in the region on 8 March. [passage omitted]

Itamaraty reported yesterday in Brasilia that the mission of observers will leave for the conflict zone next week, on an as yet unspecified day. The mission will consist of 40 military officers—10 from each of the four guarantor countries. General Ariel Pereira da Fonseca, who praised the performance of the Peruvian soldiers, causing displeasure in Ecuador, will be replaced as commander of the mission. The observers will have to spend at least 90 days in the Condor Mountain Range.

Brazil Explains General's Praise of Peruvian Fighters

PY0303033495 Rio de Janeiro O GLOBO in Portuguese 1 Mar 95 p 11

[FBIS Translated Text] Brasilia—General Ariel Pereira da Fonseca, chief of the mission of observers from the Rio Protocol guarantor countries who are monitoring the Peruvian-Ecuadoran cease-fire, came close to provoking a diplomatic incident. In remarks to the Peruvian Panamericana television station upon returning from the combat zone between Peruvian and Ecuadoran troops, Gen. Pereira da Fonseca praised "the bravery and courage shown by the Peruvian soldiers in defending their territory under such adverse conditions."

Taken by surprise by the general's remarks, Ecuadoran officials contacted the Brazilian Government to request clarification, as confirmed by Foreign Minister Luiz Felipe Lampreia himself.

Lampreia said: In fact, they have contacted us to ask for an explanation, and we told them that Gen. Pereira da Fonseca's remarks were not intended to indicate any inclination toward either of the two sides. It was, in fact, a statement made in keeping with the spirit of military comradeship. He would have possibly said the same in Ecuador about the Ecuadoran soldiers.

Lampreia said the Ecuadoran officials accepted the Brazilian Government's explanations on the subject.

He added: We gave the explanations through our ambassador, and they were satisfied, realizing that everything was nothing but a misunderstanding.

The Ecuadoran press gave wide coverage to the Brazilian general's faux pas. Yet, Lampreia said that the problem has been completely overcome, and it will not affect the diplomatic negotiations. Today, he is scheduled to meet again here in Montevideo with the representatives of the other guarantor countries.

Chile's Frei Explains Talks With Mercosur

PY0203162895 Madrid EFE in Spanish 2215 GMT 1 Mar 95

[FBIS Translated Text] Montevideo, 1 Mar (EFE)—Chilean President Eduardo Frei stated today in Montevideo that Chile views Mercosur [Common Market of the South] not just as a tariff proposal," but as "a vision of a long-term integration that includes physical aspects, energy, services, transport, and investments."

The Chilean president said: "Each country has its vision of these matters, but not an institutional Mercosur, and that is another aspect on which we want to advance."

The Common Market of the South comprises Argentina, Brazil, Paraguay, and Uruguay. It is interested in incorporating Chile, a country with a more developed economy.

"Chile has a clear political will to progress toward Mercosur matters," said Frei, adding that this idea has been conveyed to President Julio Maria Sanguinetti of Uruguay; Carlos Menem of Argentina, and Juan Carlos Wasmosy of Paraguay, and will be conveyed to Brazilian President Fernando Henrique Cardoso who tomorrow begins an official visit to Chile.

The Chilean president stressed Chile's desire for rapprochement with the Mercosur partners "to reach an agreement, albeit difficult, but which we hope to reach."

Frei said that the technical teams have held five meetings since August 1994, when Chile signed in Buenos Aires the start of negotiations with Mercosur.

He said: "Progress has been achieved in some matters, in others not. What we discuss in these meetings with the presidents is how to keep advancing toward that objective."

The Chilean president expressed his desire that "the agreements will be consolidated with flexibility and a political will to progress" in matters on which Mercosur countries and Chile agree.

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Frei said: "I am optimistic because my country has a clear will to seek association with Mercosur."

The Chilean president added that the tariff policies of the partners "are a real obstacle" for agreement with his country.

Chile has a single tariff of 11 percent while the Mercosur agreement establishes, as of 1 January, a set of tariffs between zero and 20 percent.

The Chilean president said: "Obviously, joining this market would imply increasing many of our tariffs, which would create great difficulties for us throughout our economic system."

He described as other disagreements with Mercosur countries the deadlines established for the integration process.

"For us, 10 years is an extremely long period, but we are willing to talk obout it," he said.

The president of Chile, and those of Argentina, Bolivia, Brazil, Colombia, Ecuador, Paraguay, and Peru, attended the inauguration of Julio Maria Sanguinetti as the new president of Uruguay.

Mexico Pledges To Aid Caribbean Despite Crisis

FL0203200695 Bridgetown CANA in English 1806 GMT 2 Mar 95

[FBIS Transcribed Text] Belize City, Belize, Mar. 2, CANA—Mexico on Wednesday pledged continued technical assistance to the Caribbean despite its own problems with the devaluation of the peso.

Addressing the plenary session of the 8th joint meeting of the Inter-American Economic and Social Council (CIES) and the Inter-American Council for Science, Education and Culture (CIECC), Mexico's Director General for Technical and Scientific Co-operation, Ambassador Alfredo Perez Bravo urged Caribbean nations to identify new projects with which his country could assist.

The Mexican envoy said that the new administration in his country was placing emphasis on international co-operation and, "will give main priority to the Caribbean region".

He pointed out that Mexican assistance to the Caribbean, Central and South American countries had increased from 123 projects in 1989 to 2,088 projects in 1994. Of these, the Caribbean received assistance with 21 projects in 1989, growing to 287 by 1994.

Ambassador Alfredo Perez Bravo also circulated applications forms for technical co-operation and informed the meeting that his delegation would be on hand to discuss any projects for which Caribbean nations might want to seek assistance.

Mexico's assistance to the Caribbean over the last years has been in a range of fields including agriculture, ecology, health, communications, tourism and industrial development.

The top Mexican envoy said technical co-operation could be undertaken in a wide range of areas including handicraft manufacture, information programmes and software engineering and technical and vocational training.

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Cuba

Government Rejects U.S. Report on Drug Traffickers

PA0203203095 Havana PRENSA LATINA in Spanish 1919 GMT 2 Mar 95

[FBIS Translated Text] Havana, 2 Mar (PL)—Cuba today rejected a report that the U.S. Government sent to Congress stating that international drug traffickers are on the island.

Rafael Dausa, Cuban Foreign Relations Ministry spokesman, said the document is based on another document prepared by legislators of Cuban descent linked to the counterrevolution in Miami. He described the document as part of the brutal and offensive campaign against Cuba that U.S. conservative sectors are conducting.

The United States is the place where criminals are easily found because it is there where the torturers and murderers of the Fulgencio Batista dictatorship who escaped from our country were welcomed with open arms, Dausa stated at a news conference.

The government official pointed out that Cuba has repeatedly expressed its willingness to cooperate with Washington in matters pertaining to the fight against drug trafficking, but it has not received any positive response whatsoever.

In answering another question, Dausa also denied that official negotiations or talks are being currently held to discuss an eventual compensation to the U.S. companies that were nationalized following the 1959 victory of the revolution.

The spokesman stressed that parliament President Ricardo Alarcon had already explained Cuba's position on this issue when he delivered a speech during a special session of that legislative body on 24 February.

Any attempt to link the U.S. claims to the expropriation to which counterrevolutionary Cubans were subjected will remove any possibility of reaching an agreement on this issue, the Foreign Ministry official added in reference to the bill Senator Jesse Helms submitted to the U.S. Congress.

Further on in his speech, Dausa announced that a Brazilian delegation headed by Minas Gerais Governor Eduardo Brandao will arrive in Havana on 9 March in response to an invitation extended by the Cuban Government.

This delegation will meet with several local officials to seek trade and cooperation agreements between this large Brazilian state and the Caribbean nation, he concluded.

Further on Report

FL0303023095 Havana Radio Rebelde Network in Spanish 0000 GMT 3 Feb 95

[From the "Exclusive" program]

[FBIS Translated Text] The Cuban Foreign Ministry has denounced as totally intrusive [injerencista] the legislative action that fascist immigrant sectors are taking in the U.S. Congress. Rafael Dausa, Cuban Foreign Ministry spokesman, described as unfounded allegations that Cuba is used as a base for drug traffickers and as a shelter for international criminals. Dausa said that this campaign is part of the death rattle of an anti-Cuban group that fears a possible change in U.S. policy toward Cuba.

Havana Reports U.S. Visa Efforts; Restrictions Criticized

PA0303025395 Havana Radio Havana Cuba in Spanish 0000 GMT 3 Mar 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] The United States has opened a new wing at its Interests Section in Havana to improve the processing of the 20,000 visas it has promised to provide each year as a minimum. This promise is part of the migration accords the United States signed with Cuba in September.

Joseph Sullivan inaugurated the building located along the Cuban sea front in Havana. He said this is an example of the commitment assumed by Washington with the agreement that put an end to the exodus by the so-called rafters. The U.S. diplomat said his country has approved more than 13,000 visas since last September to ensure orderly, secure, and legal departures to the United States.

The Cuban authorities have acknowledged U.S. efforts to grant the visas, but they say the measures President Clinton imposed last August are obstructing the process. The measures reduced the number of flights between Miami and Havana and prohibited Cuban residents in the United States from sending money to their relatives on the island.

Acting Spokesman Denies Delay in Processing of Rafters

PA0303024395 Havana Radio Havana Cuba in Spanish 0000 GMT 3 Mar 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] Foreign Ministry spokespersons have reported that 466 Cubans have returned from Guantanamo Naval Station by air so far, while more than 1,000 have crossed the mine fields to return to their homes in free territory.

Rafael Dauza, who has been acting Cuban Foreign Ministry spokesman this week, has denied reports the island authorities were delaying in processing procedures for the so-called rafters wishing to return to their land of origin. He has said each request is reviewed individually to ensure proper reinsertion into Cuban society. Approximately 28,000 Cubans who left the island illegally last

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August and September are still confined at camps erected within the military enclave Washington maintains by force along the coastline of Guantanamo Bay.

On another issue, Dauza has said the documents disclosed in the United States recently are void of moral grounds and constitute interference in internal affairs. The documents accuse Cuba of providing protection for international criminals. He has said such campaigns are part of the U.S. Congress' anti-Cuban offensive.

Last, he has said the issue of claims regarding old property rights in Cuba is being utilized by the most reactionary sector of the Cuban migrant community in the United States in a threatening manner, with the sole purpose of dissuading investments on the island.

Lage: Achievements To Be Stressed at Copenhagen Summit

PA0303013195 Havana PRENSA LATINA in Spanish 0733 GMT 1 Mar 95

[FBIS Translated Text] Havana, 1 Mar (PL)— Council of State Vice President Carlos Lage Davila told PRENSA LATINA that the Cuban revolution has signified the achievement of social justice and Cuba will confirm this at the summit on social development in Copenhagen.

During an interview with PRENSA LATINA at the end of the Fourth Congress of the National Association of Cuban Economists, Lage pointed out that the summit, which is to be held between 6 and 12 March in Denmark, is a very important meeting and it will be attended by over 100 heads of state.

Lage emphasized that there is no doubt that social development is one of the greatest challenges for mankind and Copenhagen is a good opportunity for Cuba to show its achievement, an achievement of justice.

He noted the convening of the summit at this time and Cuba's participation because "Cuba will not attend only to listen to problems but to show how the revolution has dealt with difficulties, and the results it has achieved."

When asked about the economic changes that are taking place in Cuba, which would have the negative effect of increasing unemployment, Lage pointed out that the government has insisted on avoiding unemployment because "the revolution has protected the people from unemployment all these years."

Lage explained that the Cuban Government is adopting a series of measures which, far from hindering the Cuban process are strengthening our socialist system through flexibility and common sense. He acknowledged, however, that "there have been occasions when the government made decisions that were not exactly what it would have preferred to do."

Lage explained that no measure is contrary to the social policy devised by Cuba, its planning, and the state's role in the economy.

Cuba will present a national report in Copenhagen, summarizing its achievements in education, public health, the participation of the masses in culture and sports, increased employment, the eradication of poverty as a social phenomenon, and access to potable water and electricity in 95 percent of the country.

Cabrisas Signs Trade, Technical Protocols in DPRK

FL2502042295 Havana Radio Rebelde Network in Spanish 0000 GMT 25 Feb 95

[From the "Exclusive" program]

[FBIS Translated Text] Foreign Trade Minister Ricardo Cabrisas and Yi Song-tae, chairman of the External Economics Committee of the DPRK signed protocols in Pyongyang today for bilateral trade and scientific and technical cooperation in 1995. During his visit to the DPRK, Cabrisas also met with Premier Kang Song-san and other government officials. The Cuban delegation headed by Cabrisas will travel to Vietnam to address various aspects of economic collaboration and bilateral trade.

Cabrisas Begins Official Visit to Vietnam

Meets Vietnam Commerce Minister

FL2702232095 Havana Radio Rebelde Network in Spanish 1800 GMT 27 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] Vietnam and Cuba began official talks at the ministerial level today in Hanoi on bilateral trade relations and prospects through the year 2000. The meeting, led by Le Van Triet, Vietnam's minister of commerce and tourism, and Ricardo Cabrisas, Cuba's minister of foreign trade, focused on current exchanges and completed the initial steps for the protocol that will establish the structure of the agreement for 1995. Both delegations also studied the possibility of new types of trade for the period 1996 to 2000, and discussed the current economic situations in Vietnam and Cuba, as well as ways to overcome current difficulties. Cabrisas recalled Vietnam's commitment to comply with the rice provision agreement with Cuba, which he described as an important contribution that has alleviated the shortages in Cuban rice production.

The Cuban delegation's agenda includes meetings with the minister of agriculture and the food industry, and the minister of public health, as well as with leaders of the Patriotic Front, which participated in a solidarity campaign with Cuba and donated 20,000 tons of rice in 1994.

Takes 'First Steps' to Protocol

FL2802180995 Havana Radio Rebelde Network in Spanish 1000 GMT 28 Feb 95

[From the "Doing Radio" program]

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[FBIS Translated Text] Cuban and Vietnamese delegations headed by Foreign Trade Minister Ricardo Cabrisas and Trade Minister Le Van Triet, respectively, have initiated official talks regarding bilateral trade relations and their perspectives up to the year 2000. The first steps to implementing a protocol to regulate trade between Cuba and Vietnam during 1996 were taken, as well a study to promote new forms of trade from 1996 to the year 2000. The Vietnamese delegation reiterated its intention to continue their solidarity towards Cuba, without losing sight of the conditions and difficulties Cuba and Vietnam are confronting.

On 27 February, Cabrisas met Agriculture and Food Industry Minister Nguyen Cong Tan and on 28 February the Cuban delegation will meet with Public Health Minister Nguyen Trong Nhan and Energy Minister Thai Phung Ne. The Cuban delegation is scheduled to meet leaders of the Vietnam Fatherland Front, Vietnam's main mass organization. This organization led a huge solidarity with Cuba campaign during 1994, which ended with the donation of 20,000 tonnes of rice to Cuba.

More on Protocol, Sugar Investment

FL2802204895 Havana Radio Rebelde Network in Spanish 1800 GMT 28 Feb 95

[From the "National Radio News"]

[FBIS Translated Text] The 15th session of the intergovernmental commission for economic, scientific, and technical cooperation between Vietnam and Cuba will be held in September, 1995 in Havana. A group of Vietnamese businessmen will attend. The session was announced during a meeting in Hanoi between Nguyen Cong Tan, Vietnamese minister of agriculture and the food industry, and Ricardo Cabrisas, Cuban minister of foreign trade. Cabrisas heads an official mission, which with his Vietnamese counterpart, will analyze bilateral trade relations. Cabrisas said that in the next few weeks, 15,000 tons of rice will be sent to Cuba to complete the 20,000 tons provided by Vietnam as part of a solidarity campaign. Both ministers also discussed investment in the Cuban sugarcane industry, and left open the possibility of Cuban entities subcontracting work in the Vietnamese sugarcane industry.

[Later in the same newscast, the radio airs an additional report: "Foreign Trade Minister Ricardo Cabrisas made a working visit to China, the DPRK, and Vietnam. In a telephone interview with journalist Demetrio Villa Rubia, Cabrisas described his tour as positive and discussed the signing of a trade protocol with Vietnam."

[Cabrisas says: "The agenda for the first 48 hours has been intense. We have already held preliminary talks with my colleague, Comrade Le Van Triet, and tomorrow plan to conclude talks on the trade protocol for 1995, which, as you must know, gives consideration to substantial food supplies—mainly rice—as well as to certain materials, basically for the nickel industry, such as anthracite coal, and rubber for other Cuban industries. Actually, one of the most emotional events for me here in Vietnam was the meeting with the president of the solidarity-with-Cuba movement, which is in charge of mobilizing the Vietnamese people to assemble the donated 20,000 tons of rice; 5,000 of which are already in Cuba, and 15,000 of which are ready to be shipped. It was very emotional because of the solidarity and support they have shown during the entire campaign, and which they will continue to demonstrate in the future. These are the main events of this visit."]

Meets With Vietnamese Prime Minister

PA0303013395 Havana PRENSA LATINA in Spanish 1733 GMT 1 Mar 95

[By Roberto Gill]

[FBIS Translated Text] Hanoi, 1 Mar (PL)—Welcoming Cuban Foreign Trade Minister Ricardo Cabrisas to the government headquarters in this capital today, Prime Minister Vo Van Kiet said Vietnam will spare no efforts to continue helping Cuba.

That is my country's duty, our responsibility toward a brother who is special to us, the prime minister said during a meeting to which PRENSA LATINA had access.

We have done so, because you did the same for us during difficult times of our history, said Van Kiet, who is also a member of the politburo of the Vietnamese Communist Party. This is why all our experiences are at your disposal, he said.

The head of government called for increased exchanges between the two parties, and he voiced approval in this regard for trips to the largest of the Antilles by local leaders of trade and investment, among others.

On rice exports, he said his country confronted natural disasters during the last three months last year that negatively affected the harvest of that grain.

Nevertheless, Vietnam will spare no efforts to support Cuba, he insisted. This is a firm and everlasting decision, he said.

Meanwhile, Cabrisas conveyed thanks from the top leadership of the Communist Party of Cuba and the Cuban Government and people for the support shown by Vietnamese political and administrative authorities and the Vietnamese people.

The Cuban official gave thanks for a large scale campaign launched here in late 1994 to collect funds, and that campaign led to the purchase of 20,000 tons of rice that were donated to the Caribbean state as a show of solidarity.

That gesture, he said, has an important quantitative value, but it is more appreciated for its moral and

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fraternal value, because it took place amid the disaster caused by floods in the important agricultural areas of the Mekong River Delta.

The prime minister of this nation said there are no limits to the people's feelings when an effort to make a contribution to Cuba is involved.

During the meeting, they discussed various aspects of their bilateral relations and specific situations in each country, including food production, exports, investments, and economic development.

Signs Trade Exchange Agreements

PA0303014295 Havana PRENSA LATINA in Spanish 1900 GMT 1 Mar 95

[FBIS Translated Text] Hanoi, 1 Mar (PL)—Today, Vietnamese Commerce and Tourism Minister Le Van Triet and Foreign Trade Minister Ricardo Cabrisas signed agreements that will cover trade exchanges between the two nations for 1995.

One of the documents included in the agreements deals with Vietnamese rice exports to Cuba this year, Triet told PRENSA LATINA.

The document contains Vietnam's pledge to export 100,000 tons of cereal to Cuba in 1995, the first of three main aspects that were agreed on, Triet explained.

The Vietnamese official said on this matter the Vietnamese side offered favorable conditions for the rice purchases but gave no details on specific amounts.

Triet announced that a protocol regulating commercial links until next December was also signed, as well as a memorandum pertaining to other payments within the same area.

The high-ranking Vietnamese official said the formal agreements maintain the levels of exchange attained in 1994 while creating new mechanisms to make the links more adequate in this area.

Triet said in this regard, the resources introduced in the trade relations promote the possibility that businessmen from the two countries may establish compensatory trade bonds.

Triet affirmed that, in his opinion, the potential does exist to raise in the near future the current levels of ties in this sector within the framework of conditions favorable to the interests of Cuba and Vietnam. There are products that can be exported to or imported from Cuba, he said.

Wednesday's agreements cap a round of negotiations on the matter between ministerial delegations from the two nations.

Cuba's delegation, headed by Cabrisas, arrived in Hanoi on 26 February. During its stay, the delegation also made contacts with the agriculture and food industry, the Ministries of Public Health and Energy, the State Cooperation and Investment Committee, and the Chamber of Commerce.

Prime Minister Vo Van Kiet welcomed Cabrisas and his retinue today and reaffirmed his guests of Vietnam's willingness "to spare no effort in assisting Cuba."

Signs Mercantile Protocol

FL0203175395 Havana Radio Rebelde Network in Spanish 1000 GMT 2 Mar 95

[From the "Doing Radio" program]

[FBIS Translated Text] In Hanoi, Cuban Foreign Trade Minister Ricardo Cabrisas met with Vietnamese Prime Minister Vo Van Kiet who stated that his country will continue efforts to help Cuba. Vo Van Kiet, who is also a member of the Politburo of the Vietnamese Communist Party, added that it was his country's duty because that is what our country had done for them during difficult moments of their history. The two leaders discussed increasing exchanges between the two countries. Vo Van Kiet approved the sending of local leaders from the trade and investment sectors to Havana. The foreign trade ministers of the two countries, Cabrisas and Le Van Triet, signed agreements to govern mercantile exchanges between the two states during 1995.

DPRK Envoy Finds U.S. Position on Peninsula 'Unfair'

FL0303000795 Havana Radio Reloj Network in Spanish 2033 GMT 2 Mar 95

[FBIS Translated Text] Kim Sung-yong, North Korean ambassador to Cuba, called in Havana today for the establishment of a system to guarantee peace on the Korean peninsula. The diplomat urged the U.S. Government to properly observe the world tendency toward detente after the disappearance of East-West confrontation, to consider the current situation on the peninsula, and to work toward maintaining peace. Kim Sung-yong described Washington's position as unfair: On the one hand, it commits to remedying the situation in the region; on the other hand, it increases armaments and carries out military maneuvers in South Korean territory. Regarding the construction of a nuclear center in the DPRK, the ambassador reiterated the need to find a solution that considers the plant's security.

French Businessmen Arrive, Greeted by Lage

FL2502165395 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 25 Feb 95

[From the "NTV" newscast]

[FBIS Translated Text] A delegation of French businessmen arrived in Cuba on 24 February to establish preliminary contacts in different branches of the Cuban economy. Carlos Lage, vice president of the Council of State; Carlos Martinez Salsamendi, president of the

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Cuban Chamber of Commerce; and Vice Foreign Trade Minister Orlando Hernandez met the delegation, made up of over 30 businessmen from the industrial, trade, and banking sectors. The important delegation is headed by Jean-Pierre de Georges, vice president of the French National Business Council. The French businessmen will meet leaders of several branches of the Cuban economy and learn about important aspects and real possibilities Cuba offers to the investor. This meeting is sponsored by the French National Business Council and the Cuban Chamber of Commerce. The delegation concludes its visit on 3 March.

To Further Commercial Ties

PA2802043695 Havana PRENSA LATINA in Spanish 1738 GMT 27 Feb 95

[FBIS Translated Text] Havana, 27 Feb (PL)—The group of French businessmen, who today opened negotiations with Cuban officials on reinforcing commercial ties, hopes that its stay in Havana will conclude with tangible results.

Jean-Pierre Desgeorges, vice president of the National Council of French Employers [Consejo Nacional del Patronato Frances—CNPF], made that remark during a joint news conference with Carlos Salsamendi [name as received], the Cuban Chamber of Commerce president, which focused on French and European interest in expanding its economic ties with Cuba.

Desgeorges, who has been holding talks with top Cuban government officials since last year, noted that the economic changes that have taken place in Cuba are of interest to French businessmen and are, he added, encouraging because they engender mutual confidence.

Salsamendi, in turn, noted that his country's relations with the EU [European Union] are progressing favorably and recalled that while in 1993 this group wanted to maintain its ties with the Cuban market, in 1994 it participated with greater interest in the Havana International Fair.

He announced that firm steps are already being taken to sign a framework agreement between Cuba and the EU, while a Eurocenter will be created at the main offices of the Chamber of Commerce to provide trade information to EU members.

Salsamendi also stated that work is being done here to open offices for European trade groups to be charged with looking after their interests.

Speaking in this respect, the Cuban official mentioned that a group of major European companies is working with Cuban authorities to be represented in a free-zone that will open in Santiago de Cuba Province, east of the country, in order to bring its products closer to the Caribbean basin.

The EU has decided, he noted, on major participation in the Fourth International Caribbean Fair to be held in Cuba next June. An active exchange with the region's businessmen is expected to take place at this fair.

According to figures presented by the Cuban Chamber of Commerce president, France is currently Cuba's fourth commercial partner, in a tie with China.

In 1993, there were 12 French companies operating in Havana, whereas as now the number totals 21, placing them on an equal level with the Italian companies which rank in fifth place.

With bilateral trade that surpassed $116 million last year, Cuba has agreed to participate in 12 "joint ventures" [preceding two words in English] with major French corporations.

The French delegation visiting Havana, includes well-known businessman Pierre Cardin, is undertaking these negotiations at a time when the Cuban government is striving to make its foreign investments law even more flexible.

Focusing on the economic reforms Cuba has undertaken, Salsamendi stated that the work of the French delegation coincides with the new momentum in the domestic economy.

He said that if last year French businessmen were told that economic decline was continuing; one can now say that this process has been detained.

Local experts have estimated that the national economy will grow 2 percent this year although the island is expected to have the lowest sugar production in its history. Salsamendi, however, noted that new conditions for a return to a stable growth rate are being created.

Meet Chamber of Commerce President

FL2802013895 Havana Radio Reloj Network in Spanish 2045 GMT 27 Feb 95

[FBIS Translated Text] A delegation of French businessmen began talks with Cuban trade officials and met with Carlos Martinez Salsamendi, president of the Cuban Chamber of Commerce, on 27 February

The French delegation, headed by Jean-Pierre de Georges, vice president of the French National Business Council, displayed interest in Cuba's economic and social evolution. De Georges called the recent changes in Cuban economic policy to attract foreign investment very interesting and stated that these changes have aroused the interest of the businessmen who are accompanying him on this visit.

The French delegation will maintain an extensive agenda, including more meetings with Cuban officials over the next few days and with Carlos Lage, secretary of the Council of Ministers Executive Committee, on 3 February.

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Meet Foreign Investment Minister

FL0103130895 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 1 March 95

[From the "NTV" newscast]

[FBIS Translated Text] The French business delegation visiting Havana discussed foreign investment prospects today in their second day of talks with Cuban officials.

In addition, the delegation headed by Jean-Pierre De Georges, vice president of the French National Business Council, visited the customs warehouse in Berroa, east of Havana, where (Havana Inbon S.A.) firm—a branch of the Cimex corporation—is located.

Cimex president (Eduardo Bencomo) outlined the firm features. (Havana Inbon S.A.) controls and manages products and merchandise from 65 firms worldwide, including (Amoria International Ltd.) from France.

[Begin unidentified speaker recording] The area has many prospects, and foreign enterprises are enthusiastic about the changes in regulations to be implemented here. We believe this will turn into a duty free zone in a year, and businessmen worldwide are aware....[end recording]

In the afternoon, the French delegation met Ernesto Melendez, Minister of Foreign Investment and Economic Cooperation, who summarized what Cuba is doing in this sector. The topic of investment protection and safety was prevalent during the talks, and some businessmen showed interest in the sugarcane and real state sectors. Melendez noted that a new law to regulate investment, which will be more flexible and clear, is under study.

Meet With Basic Industry Minister

FL0203165595 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 2 Mar 95

[From the "NTV" newscast]

[FBIS Translated Text] On 1 March, the French business delegation visiting Cuba continued to be briefed on the wide array of opportunities available for increasing trade and investment in Cuba. Basic Industry Minister Marcos Portal met in the morning with the members of the French National Business Council.

[Begin unidentified speaker recording] As part of a donation from the French Government to the Cuban Government, French companies are working with Cuba's electrical organization, the [word indistinct] to supply equipment that will allow a change in the boilers' burning system so that Cuban crude oil and heavier imported crude oils can be used. This will reduce processing costs. [end recording]

There are currently more than 20 French companies represented in Cuba and French entrepreneurs have created 12 joint economic associations with Cuban authorities.

[Begin unidentified speaker recording, in French with passage by passage translation into Spanish] I am sure that things are going to improve because French entrepreneurs and the government are aware of Cuba's evolution and have confidence in that evolution. [end recording]

At midday, Vice Foreign Minister Fernando Remirez de Estenoz met with the French businessmen. The excellent relations between Cuba and France were highlighted.

[Begin unidentified speaker recording, in French with passage by passage translation into Spanish] Frankly, if I am here, it is because I believe our relations have improved. [end recording]

Abraham Maciques, president of Cubanacan, also met the French delegation.

[Begin Maciques recording] We are presently holding talks with an important—I would say the most important—French group, the (Accord Group), to [word indistinct] a group of hotels in Cuba, as well as for the construction of a tourist facility with 2,000 rooms. We are going to conclude several accords with them regarding joint economic associations. One refers to French bakery products being supplied to restaurants and the hotel sector. This accord will be signed tomorrow. The French delegation is made up of 40 executives from the French National Business Council, which is France's largest business organization, with over 1.8 million members from the public and private sectors.

Spanish Military Delegation Ends Official Visit

PA2702044595 Havana Radio Havana Cuba in Spanish 0000 GMT 24 Feb 95

[From the "Evening Information Review" newscast]

[FBIS Translated Text] A Spanish military delegation, headed by Colonel (Jose Ignacio Pastor Iglesias), ended a friendly official visit to Cuba today at the invitation of the Ministry of the Revolutionary Armed Forces.

The results of the visit were considered very positive and a contribution to closer military relations between Cuba and Spain, according to GRANMA newspaper.

Robaina Hands Castro Message to Uruguayan President

FL0303023495 Havana Radio Rebelde Network in Spanish 0000 GMT 3 Feb 95

[From the "Exclusive" program]

[FBIS Translated Text] Foreign Minister Roberto Robaina delivered a message from Cuban President Fidel Castro to Uruguayan President Julio Maria Sanguinetti following the presidential inauguration in Montevideo. Robaina met several foreign ministers and other personalities—including Cesar Gaviria, OAS secretary

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general and former Colombian president—during protocol ceremonies in the Uruguayan capital.

Ricardo Alarcon 24 Feb ANPP Address

FL0103235195 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0226 GMT 25 Feb 95

[Address by Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government, ANPP, at a special ANPP session commemorating the 100th anniversary of the 24 February 1895 uprising, at the Havana Convention Center—live]

[FBIS Translated Excerpts] Comrade Fidel Castro, Comrade Raul Castro, members of the diplomatic corps, distinguished guests from abroad who are accompanying us tonight, esteemed Cuban guests, deputies, compatriots:

Just before the 1895 uprising, Juan Gualberto Gomez read a phrase he would never forget. It was in the last letter he would ever receive from Jose Marti, a phrase that would accompany him forever in his unceasing struggle against Yankee intervention, for equality and fraternity among the Cuban people, and for national dignity. That phrase embodied dreams nurtured for years, dreams that would long continue as an inspiration and a promise. We will achieve complete justice, Marti wrote. The core of the Cuban spirit had never before been expressed in so few words. Those words expressed the deep spirit of a nation that first conceived of its dreams and struggles as enlightening rays that would grow and multiply with ever more clarity and uncompromising will, eventually becoming implicit in the very nationality itself. Those words also expressed the vital need for the struggle, the only way of fulfilling such a lofty and distant goal.

Non-Cubans might be confounded by the apparent disproportion of that goal to the absolute conviction that it could be reached. Marti was aware of the tremendous obstacles in the way of that goal. Regarding the main point, Yankee imperialism, he had warned all the peoples of our America with a clarity still valid today. That he was aware of that danger was revealed in his testament-letter to Manuel Mercado, the final written legacy he would leave to the Cuban people a few months later.

Definitely leaving the New York winter behind, Marti embarked on the trip to Dos Rios with the certainty of final victory: We will achieve complete justice. He was aware that that phrase would spark a distant echo in the recipient of his letter—slave parents, poverty, humiliation, and the courageous struggle for dignity. Perhaps Marti recalled what he might have once said to Varino: The revolution, the revolution is not the one we are going to unleash in the bush, but the one we are going to develop in the republic.

The road traveled by the Cuban people since the dawn of their nationality, the struggle for justice, had been long, hard, and difficult. They were accompanied by distant torrents of heroism that would need to be repeated. Behind were the setbacks and frustrations, the sadness and pain that would be experienced again. Long had been the road from the first slave insurrection to the failed Big War. It was also long later, and numerous have been the attempts, secret plans, and suffering. The separatist movement in Cuba would catch on several decades later, only after its peak in the continental Spanish empire. As a matter of fact, significant slave and free-slave uprisings had taken place earlier. These men identified political independence with their own emancipation. Many intellectuals also embraced this hope. [passage omitted]

This is not the time or place to describe that period of the pseudo-Republic, nor to assess the intense, rich, and ardent process we have lived since the day when the Mambises entered Santiago under the leadership of Fidel Castro. What is important to stress here is the continuity of a single process from La Demajagua Mill to today, an uninterrupted sequence in thought and action, a constantly current process that allowed Fidel to say with accuracy: Back then, we would have been like them. Today, they would have been like us.

A unique privilege, that of Cubans who have been able to feel and always recognize ourselves as the protagonists in the same endeavor of heroic creation since our grandparents lovingly drafted the face of the fatherland. Our glorious past is not the past because it is alive, because in it live the ideas and examples that shape the present and guide our steps toward the future. The other past, that of ignominy and injustice, has also survived as a threat that continues to gravitate upon us.

The Cuban people of today, just as those of yesterday, continue waging the same struggle for justice. We are equally committed to save a fatherland of fraternity and justice, challenging the very insatiable empire that seeks, just as in the past, to eliminate it. Since 1959, the empire has endeavored to take that priceless victory away from the Cuban people; since then, the onset of hostility, aggressions, the unbridled campaign of lies and calumnies. All this began before the implementation of the first revolutionary transformations, even before the establishment of diplomatic ties with the Soviet Union; before, way before the declaration of the socialist character of our Revolution, beyond any later attempt of issue fallow explanations, above the pretexts and fallacies, what the empire cannot forgive us, what they have not been able to acknowledge to this day is that Cuba had forever stopped being its colony.

Since then, they unleashed a policy of aggression that has remained essentially unchanged for more than 30 years. They promoted, organized, and directed terrorism and sabotage, a mercenary invasion, attacks against our leaders, diplomatic isolation, and pressures and scheming in international organizations. In their efforts to conquer and destroy Cuba, they have spent tens of billions of dollars to snarl and confuse, kill and destroy.

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They unleashed against Cuba a true economic war, a cruel and immoral war, a relentless war that remains in place and grows in strength, violates every law, and snubs world opinion.

Following the disappearance of the Soviet Union, we now lack the economic ties we had with them and which had help us to mitigate the consequences of the Yankee blockade, yet the blockade is expanded and intensified. Little does the imperialist arrogance care that for three years in a row and by an ever-increasing number of votes, the UN General Assembly has rejected the blockade. Neither is food for thought to them that against their blockade arises the voices of religious people and parliamentarians, intellectuals and farmers, union workers and managers, students and women, the voices of all the decent people of the planet. Rather than accepting what the universal conscience demands, they cling to their criminal policy and even endeavor to make it more hateful and brutal.

These very days, those seeking to wrench this nation into annexation and once again cast us down into slavery emerge from the caverns like old demons for whom nothing has change. If it were not for the fact that we are living in unbelievable times, it would be impossible to imagine what is happening in Washington. Some so-called Yankee legislators, headed by that outlandish character known for his racist and fascist bias, have introduced a bill to force the entire world to joint the blockade against Cuba. To do this, they suggest severely punishing those countries, enterprises, and even people having commercial and economic ties with Cuba. It is, among other things, the most shameless and repugnant violation of the sovereignty of other nations.

That peculiar U.S. electoral system, which they seek to impose on others, makes it possible for Mr. Jesse Helms to heap the many millions of dollars his Senate seat cost. He might force his colleagues to withstand his antediluvian rhetoric, however, someone should explain to him that the world cannot be subjugated, that the entire world cannot be abused as he has been doing since infancy with the unfortunate black people of North Carolina.

However, we do want to fully clarify some issues for the understanding of those able to understand. Helms' bill broaches, particularly, the issue of the properties nationalized by Cuba in the early years of the Revolution and the legal battle which ensued as a result of the arrogant Yankee attitude of spurning the fact that we decided to do so in a sovereign manner and in strict compliance with our laws.

The problem could have been solved many years ago if U.S. policies had not been so arrogant and clumsy. Cuba solved the issue of nationalization with all the other countries involved, without exception, through fair negotiations and on the basis of respect for our independence. With the United States, at least theoretically, it would also be possible to find a solution within the framework, as in all other cases, of the normalization of relations which would necessarily involve the complete and unconditional elimination of the blockade and compensation to Cuba and its people for the damages and harm caused by the blockade and the entire policy of aggression which the United States unleashed against our country. That solution would be complex and would require negotiations which would require patience and goodwill from both sides. however, if the problem was difficult before, now it may be unsolvable, because among other completely unacceptable things, the bill introduces for the first time an element which will make impossible any effort to find a solution.

It turns out that the sorcerer's apprentice cast into the cauldron, together with those of the Yankee companies, the claims of people who owned property in Cuba and were not U.S. citizens when the revolutionary laws were promulgated—in other words, the followers of Batista, the embezzlers, the latifundium masters, and exploiters, who have now become Yankee citizens. To those assimilated into their true and only fatherland, we would have to return the lands, houses, beaches, factories which are and will continue to belong to the people.

With this bill, the advocates of annexation have fulfilled their dreams. In the 19th Century, one of them said that the motherland is property. By having no other love than that held for property, for not having dared to be Cuban, the Yankee motherland, the cradle of greed and selfishness, finally welcomes them in her bosom.

They are over there, far from the soil where they were born undeservedly; over there are their Yankee legislators, those of unsurpassable arrogance and ignorance. Yet, never here! They have nothing to claim here! They will never return here! They will never again evict the farmers from their lands. They will never again bar the people from their beaches, hospitals, child care centers, and social centers. They will never again cast out the youth from their schools and the children from the child care centers nor the families from their homes. Never again will they benefit form the sweat of the workers. Never again will they bar the blacks and the poor from the neighborhoods through which they were not even allowed to walk.

Never again will farmers' evictions, desolation, racism, exploitation, and abuse shamelessly return to this country. Never again!

When will they learn, once and for all, history's lessons? The Cuban people cannot be enslaved. They would have to try to exterminate all Cubans; but before, we would make them understand that he who tries to take over Cuba, will only reap the dust of its earth drenched in blood, if he is not vanquished in the fight. [passage omitted]

Why has no one tried to convince the American legislators that there are other things they should be taking care of? Why has no one brought to their attention this UN

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report of 16 January about racism, racial discrimination, and xenophobia in the United States? In this report they could find many tasks that would require immediate action from the parliament of a nation that pretends to be a democracy. This report affirms that in that country, the majority of blacks are condemned to poverty, illness, and illiteracy, and are today as much victims of housing segregation as during the civil rights struggle in the sixties. Don't these illustrious senators and representatives believe they should do something about this? There are enough things in this report to keep the busiest legislators busy. For example, the unemployment rate among black youths is 58 percent, 10 times higher than the national average. According to official statistics, while 80 percent of drug users are white, 93 percent of those jailed for drugs are not white. It reveals that blacks, Latinos, and native Americans die younger and die from curable diseases at a disproportionate rate in comparison to whites.

According to the U.S. Comptroller General, 47,000 police brutality cases were filed in a seven-year period. According to FBI statistics, one out of every five nonwhites is the victim of racist attacks every year, and the FBI and other official agencies harass even black mayors, governors, and legislators. Do these illustrious Yankee legislators believe they do not have enough to keep them busy?

We will continue down our path because our work is the fairest, most noble and beautiful, because we have nothing to be ashamed of in embracing and defending the purest ideals conceived by the human spirit, because to embrace and defend them is the mandate we received as the most precious legacy of our forefathers. Socialism is for us deeply Cuban and consubstantial and inseparable from the nationality as our culture and identity as a people. The fact that socialism as a coherent system of ideas, as an ideology, and as a contemporary political movement emerged in other lands does not diminish this statement at all because contemporary socialism with all its difficulties, accomplishments, and defects is part of the universal culture and in this, right from the onset, it find its essential values, the values capable of surviving any calamity, those values linked to beliefs rooted in the spiritual patrimony of civilizations, those values that are part of the hopes that have accompanied mankind since it began thinking. What are these values? Justice, equality among human beings, human emancipation, the full dignity of man, the untiring struggle to turn them into reality, and the conviction that it is possible to do so through the revolutionary transformation of society. This implies believing in mankind and the betterment of mankind, believing in the value of virtue and sacrifice. These values are the root of our nationality. These values gave meaning to our nationality, stirred its spirit, and advanced it step by step up an ever rougher ridge where the people shed tears and blood, yet would not abandon it.

These values, in short, have been the central nervous system and axis of our history. Nothing was more natural than bringing into them the enlightened ideas of Karl Marx and the socialist tradition of the European labor movement, of which we find indelible traits in the incipient associations of artisans and workers of the colonial period. We do not have to be ashamed of that indispensable fusion of our patriotism with the ideas of Marx and Lenin. Likewise, the Cuban people will never stop acknowledging the fraternal solidarity we received from the Soviet Union and other countries that practiced socialism in Europe, a contribution of great significance, to consolidate and defend our revolutionary process, independent, and autonomous. Our process, however, was not dependent on them; it was not the result of events in Europe, but was the outcome of our own development, down to the root. It developed as a necessary and unavoidable result of our history. The events that took place in those countries have certainly hurt our country in terms of the economy, under the conditions of a blockade that has become more acute and brutal. However, the fact that in other lands, other socialist experiences have had sad endings does not cause us to question the validity or viability of the socialist aspirations of the proletariat worldwide, nor does it change our national history or make it different.

It is also true that with the disappearance of the USSR, the previous international balance experienced extreme changes, and more opportunities arose for the hegemonic hopes of imperialism, however, they will not find it easy to dominate the world, and as far as we are concerned, it will not dominate Cuba again.

While some relinquish their dreams, some decree, with pompous irreverence, the end of history, without realizing that doing so reveals an essential thing, puts the finger in the wound because it assumes that the collapses experienced in Eastern Europe will result in the disappearance of every socialist aspiration, that because of those setbacks, others will abandon the struggle and stop dying for justice, equality, and freedom. It is the same as to believe that civilization has ended, that the underdevelopment and poverty of thousands of millions of human beings does not exist, that the hopes mankind has cherished from the time of Christ to the time of John Lennon will stop beating in the hearts of men. Those setbacks will not stop history.

Unless the world changes, unless mankind is able to radically change relations among the peoples, nations, and the environment, if the planet continues to be victim to deprivation, waste, and the irrational use of resources by selfish minorities, then we can predict, as eminent scientist have done, not only the end of history, but the end of life.

Each day, as a result of deteriorating enviromental conditions, numerous species of plants and animals become extinct. It has been calculated that in this decade alone, one million will become extinct. When will it be mankind's turn to perish in the bonfire of greed and

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waste? Many already perish each day, killed by hunger and curable illnesses, those who die in poverty, ignorance, and abandonment.

Mankind's struggle will not end. In the battles of tomorrow, it will become ever more evident that a solution is not only necessary for society to be fair, but is also indispendable for human survival. Present in that battle for mankind will be the Cuban people, a people aware since the beginning of our struggle of the Latin American spirit and the universal importance of our revolution.

By commemorating the centennial of the glorious chapter to which Jose Marti beckoned us, the Cuba people, together with Marti, reaffirm our commitment to our pledge. Yes, we will achieve complete justice. The fatherland of fraternity and justice will prevail. We will be able to overcome the current difficulties with dedication, intelligence, and sacrifice as our forefathers did in difficult and agonizing times. Like them, we will uphold our principles and never relinquish our ideals.

All the patriots united will continue to resist and fight. No one or nothing will be able to breach our unity, the unity which, as Maceo said, is vital to our patriotism because without it, all our efforts would be sterile and our most critical endeavours drowned in blood. United we will preserve the fatherland to which the best sons of this land gave their last breath; the fatherland that was born of the revolution and can only survive by being revolutionary.

This is the revolution of Cespedes and Agramonte, Marti and Maceo, Fidel and Guevara. For this revolution we will also fight to the last breath until victory! Viva free Cuba! [Crowd: Viva!] Independence or death! Socialism or death! Fatherland or death! We will win! [Crowd: We will win!] [applause]

Commentary Views Alarcon Speech

PA0203165495 Havana Radio Havana Cuba in Spanish 0000 GMT 2 Mar 95

[Commentary by Roberto Morejon, from the "Evening Information Review" newscast]

[FBIS Translated Text] Some foreign correspondents accredited in Havana referred to the recent speech by Ricardo Alarcon, president of the Cuban parliament, and highlighted what they believed was an inflamed attack against the United States.

Alarcon was the keynote speaker to commemorate the centennial of the war of independence against Spanish colonialism, a confrontation that was about to end with the victory of the warring Mambi.

The Cubans that took part in that conflict and in the ones that followed did not forget the opportunist U.S. military intervention at the end of the 19th Century intended to take over Cuba and thus manipulate the course of the anticolonial war in its favor.

If history had recorded only that intervention, this would have sufficed not to erase it from historical memory. As many people outside the island know, Washington exerted control over the republic for nearly six decades this century, and then attempted to snatch the 1999 [as heard] revolutionary victory from the Cubans.

As Ricardo Alarcon pointed out, from that very moment began the hostilies, aggression, and the endless campaign of lies, even before the proclaimation of the socialist nature of the Cuban political project.

As a result of the economic war unleashed by nine U.S. administrations, basically through the embargo, Cubans have suffered over $40 billion in losses during this period. Not satisfied with this, dark forces in the U.S. Capitol are now moving to increase the siege. Republican Congressmen Jesse Helms and Dan Burton, who head the campaign in the Senate and the House of Representatives, respectively, intend to stiffen even more the boycott against the island through a law.

Helms' old-fashioned rhetoric, as Alarcon called it, attempts to secure through a law the question of properties nationalized by Cuba, a problem that the island has been resolving with the other countries involved. As proof of Cuban flexibility, Alarcon said that these claims could be analyzed in bilateral negotiations with the possibility of reaching an agreement, which of course means eliminating the embargo and compensating Cuba.

What Cuba categorically opposes is the return of economic means to the squandering officials from Fulgencio Batista's regime and to the owners of large estates, who profited from the sweat of the majority of people. Such aspirations, included among others in the Helms-Burton bill, required a strong reaction such as the one by parliament President Ricardo Alarcon.

Finance Minister Views Economic Issues

PA0203233795 Havana PRENSA LATINA in Spanish 0824 GMT 28 Feb 95

[By Arleen Rodriguez Derivet, "special for PRENSA LATINA from JUVENTUD REBELDE": "Production Is the Answer"]

[FBIS Translated Text] Jose Luis Rodriguez, Cuban finance minister, explains how in less than one year the country has been able to reduce the deficit and the excess currency in circulation, ignoring neoliberal formulas. His answers to JUVENTUD REBELDE's questions deal with what's left to be done to make the Cuban economy efficient, the plans already on the drawing board, and why the national peso is not convertible.

He cannot recall there ever having been such a crucial moment in his life. As Alarcon cedes the floor to Jose Luis Rodriguez at the most anticipated moment of the

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final session of the National Assembly in 1994, all eyes at the plenum follow him to the rostrum. All expectations focus on what his report is going to say.

Now his explanation seems much more understandable than it did the first time he gave it. Months of debate in the workplace and on the street have initiated even the least experienced on the topic. The minister's speech is also less dogmatic. They have all endured the rigors of the same difficult but essential school that he founded, even though not all are aware of this; these are the only experiences known to today's society, a society trying to adjust its economic indices without incurring a high social cost.

When Jose Luis concludes and the Assembly responds with emotion, he knows that there is more than recognition of his work in their applause.

Both the 589 deputies present and the most far-flung citizens dance in celebration of the collective triumph. It is a moment when many have only just understood Fidel's call to economists to learn how to combine political savvy with possible technical solutions. He has insisted that the people be consulted and be part of the necessary changes, of each and all of the measures, because all have the same objective: rescuing the country's destiny by protecting its victories.

It is December 1994, and Jose Luis now has the privilege of saying yes, it has been possible, we are accomplishing it, even though the full importance of this momentous event passes virtually unnoticed because this unique academician is so very unpretentious.

Only those close to him at this moment realize that his outward serenity is just a front, the result of years of training in facing the harshest audiences, when he worked to show that Cuba was not only a powerhouse in education and health, but that Cuba also has brilliant specialists who defend a socialist model of economic efficiency because they believe in it.

During a recess, I make the journalist's mistake of oversimplifying matters when I said to him: "You are the man of the year." I did not realize how shy he is in the face of effusive praise. Despite this, I ask Jose Luis Rodriguez to grant his first interview of 1995, and he does not refuse, but decides to first allow all the initial excitement of this success to dissipate.

Nearly two months later, here is the interview, only one-third of 66 transcribed pages of uninterrupted dialogue, what can fit into the small space of two pages in a publication like JUVENTUD REBELDE.

[Arleen Rodriguez] The idea of a parliament in the workplace grew out of the Assembly's first session, which created a very favorable political atmosphere for agreement. But did it really help on the technical side of things?

[Jose Luis Rodriguez] This helped in every way. First, because they forced us to define in simple terms the cause of these problems, while allowing us, the specialists, to canvass workers for their ideas on possible solutions that we might subsequently propose.

"Don't forget that we faced a unique situation. We intended to solve problems, but while maintaining a series of basic social victories as an immutable objects. These were problems that are traditionally solved in Latin America with neoliberal, monetary fund prescriptions. This was something that had never been done before. We could not approach this task without obtaining the necessary prior social consensus."

[Arleen Rodriguez] Here is the information: in less than a year the surplus of working capital decreased more than 1.8 billion pesos, and in comparison to 1993 the budget deficit was reduced more than 3.6 billion pesos. At that time, did you believe that would be possible?

[Jose Luis Rodriguez] We were totally convinced; if not, we would not have been able to do it. I—and the team that worked with me—knew this was possible even though the idea seemed difficult to accept. It was possible politically and technically. The only secret to our success was the support provided by the people, who knew that they were making a sacrifice for the sake of a very clear, very well-defined goal. That explains why they withstood the inconveniences of this policy, which will have a certain effect on the people.

[Arleen Rodriguez] Just when Cuba was getting back on its feet, other economic models in the region "sprung up." Are you aware of the international experts' views on this issue?

[Jose Luis Rodriguez] First of all, what has been happening in Cuba has caused considerable confusion. When one explains what we achieved with the reduction of inflationary pressure or the reduction of the deficit without affecting basic services and without social upheaval, it is beyond their understanding how we were able to accomplish this. They make no concessions to factors like political unity and the importance of real democratic consultation with the people.

"There has been another logical reaction, an attempt to minimize these results, to not give us credit. Meanwhile, international reporting on this step forward is not comparable to the coverage given other areas that are executing policies that are much less successful, but which are aligned with the neoliberal model.

"Now, when financial phenomena are proving that the policies of those other areas resolve problems within the short term, but in the medium and long term those problems reemerge, the success, quote unquote, of neoliberal programs that were applied for years, is being questioned. All they are doing is reviewing issues that were postponed, such as the debt. Issues that apparently had been filed away are reemerging.

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"Something similar is happening with capitalism in the ancient socialist economies of Eastern Europe. It seemed as if history had irreversibly turned a page, but those experiences are there and those economies are anything but organized capitalist models, to say the least.

"In other words, the crises that are gradually occurring in our region and in Eastern Europe show that in the long run neoliberalism does not lead to even the survival of capitalism in the underdeveloped world, or to its construction in the so-called transition economies."

[Arleen Rodriguez] Let's return to Cuba. Why did you warn in the Assembly that it would be a mistake to believe that progress in financial reorganization was already irreversible?

[Jose Luis Rodriguez] Caught up as we are in the complexities of these issues, not all of us are capable of seeing that the final solution lies in increasing production. We have achieved a certain amount of financial reorganization, but as long we fail to achieve economic recovery, everything else becomes a necessary condition, but not necessary enough to make the financial situation irreversible. We still cannot see, for example, the final goals of this reorganization, which are to stimulate workers and produce more, although we are headed there.

"This is why I must warn that our achievements are encouraging, they are very good, but they do not render the phenomenon irreversible. What will make it irreversible will be the creation, through production, of economic potential that will prevent a renewed imbalance in the sphere of working capital."

[Arleen Rodriguez] How did you accomplish the reorganization that has been done thus far in less than a year?

[Jose Luis Rodriguez] We must separate things a little. In terms of the deficit, already in 1993 one of the first guidelines required for 1994 was a considerably lower deficit. Of the 5 billion pesos of 1993, we programmed approximately 3.250 billion pesos for 1994, following a serious discussion with the organizations, which said no, you cannot use such a large amount of resources with the country's current level of production. After that we gave priority to the sectors that were highly subsidized because of losses, which are a key element in the deficit. Agriculture and sugar were the areas with the highest incidence of this, and we worked on them full time. Very strong controls were established, not only in the Finance Ministry but also in the Agriculture and Sugar Industry Ministries. Irrevocable and strong decisions were made, denying subsidies where we detected inefficiency or waste. People began to react and to become more disciplined. This is, in part, the secret of the deficit reduction.

"The other part was increasing the budget with measures that directly affected the people. The availability of sufficient cigarettes and alcoholic beverages, which would allow us to quickly collect certain financial resources, gave us, just as we had planned, over 80 percent of the working capital extracted during the final seven months of 1994.

"We have now overcome that phase and the phenomenon has become more complex. It is essential, as explained at the Assembly, to gradually define where the persistent surplus of working capital will come from, and what other measures, not only financial, we are prepared to adopt to revive production."

[Arleen Rodriguez] Do you know where persistent surpluses of working capital are concentrated?

[Jose Luis Rodriguez] We know there is a certain level of concentration, but we cannot simplify this to the point of seeing it only in terms of national currency or thinking that it can be calculated based on savings accounts or on how wages are distributed. There is a parallel circulation of freely convertible currency which is precisely the element on which we must work hardest from now on to close the circulation on the excess currency in circulation.

"Up to now we have only worked on the national currency. This has had its repercussions, for example, on the rate of exchange for the dollar in the underground economy. But we need to implement other measures such as the one of the convertible peso that we have already placed in circulation and that in the long run will allow us to have a more precise notion of the level of concentration and the measures needed in the future to maintain our control over the circulating currency."

[Arleen Rodriguez] What will be the tenor of 1995's new financial measures?

[Jose Luis Rodriguez] First, we will continue working on the reorganization of domestic finances with the ultimate goal of boosting production through the revaluation of money.

"But we must also adopt other measures designed to make our enterprises efficient. These measures are linked to relocating and restructuring our labor force, a process with profound political and social implications which must be implemented not only in keeping with economic but also political criteria. We have vacant positions in some places, while we have too many people working in other places. We must also consider what we will do with our plants. Some comrades refer to it as redesigning business [redimensionamiento] in Cuba, which should gradually adjust the production structure to those conditions that lead to profitable production within that structure. With more balanced finances and an economy that is not declining, conditions have been created to move on to that phase so that measures may move from the circulation phase to that of production."

[Arleen Rodriguez] But, many believe that a review of salaries is also in order...

[Jose Luis Rodriguez] This reasoning is logical, but we must comply with certain requirements. First, we still

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have work to do on the revaluation of the peso. We cannot consider a review of salary structures when we still have idle workers, therefore, determining the number of workers that is truly required in each organization is an indispensable step. This is what has been done with the so-called "incentive system," which has been punctually approved in activities that generate foreign exchange: personnel has been reviewed first. It would be illogical to increase salaries if there are too many workers in some places, but not enough in sensitive sectors like the sugar industry. Doing this would be detrimental to production and to the workers. In a nutshell, I believe that first we must keep in mind there is still much to do before considering salary increases.

[Arleen Rodriguez] Which new taxes will be imposed now?

[Jose Luis Rodriguez] In the national currency, there is the incremental tax on the income of self-employed workers. This tax will gradually replace fixed rates. In foreign currency, there is the tax on specific occupations, which is paid in freely convertible currency. This tax will be introduced gradually and is also incremental (the more income earned, the larger the payment, as happens all over the world).

[Arleen Rodriguez] One of the most popular criticisms in the Assembly and on the streets is of the anarchy and abuse surrounding prices...

[Jose Luis Rodriguez] I do not believe there is anarchy as such. What happens is that in the past, we had a very stable way of setting up prices, and we dealt with a single market. We got used to seeing the price for one product remain fixed everywhere and forever. The country is no longer in a position to cover the growing difference between the production costs and regulated sale prices. This circumstance has led to certain increases in agricultural products, for instance, but prices are still reasonably low.

"Now, setting up the prices for a number of products (popular food products) has either become decentralized—they are being sold in markets, where the law of supply and demand rules—or people have been authorized to work on that basis (self-employed workers). All of this clashes with the mentality of years under different structures.

"We are also working on that. We are reorganizing pricing policy in terms of food industry prices to make them fit into uniform ranges within various categories. With regard to retail prices, the basic food basket remains untouched. This year, 360 million pesos will be devoted to subsidizing products delivered through the ration card.

"If indeed there are high prices in the farm markets, for example, it is because demand exceeds supply. Nevertheless, you can see that this is no longer as severe as it was with the underground economy. Prices have been dropping very subtly, and yet no one can expect to have unimpaired access to the farm markets, as is the case with the ration card. It has been explained many times that limited market access can only be overcome through increased production."

[Arleen Rodriguez] As an economist, what do you recommend to protect lower income sectors?

[Jose Luis Rodriguez] As explained at the assembly, over the years the country has been devoting a large quantity of resources to cover the more than 100,000 people who receive social welfare, most of whom get up to 80 pesos a month. Nevertheless, it is evident that the measures taken to improve the economy, together with the expansion of the number of self-employed people or the opening of the farm and industrial markets, create a redistribution of income in society. It is a society in which some accumulate certain quantities and others are at a disadvantage, forming what is known as sensitive pockets [bolsones mas sensibles]. The state must assign a quantity of resources for these people, and this is a decision that has already been made.

"The problem now is establishing who are truly affected and who require social security, and this is not so easy. We can no longer say it is a person who has a salary of 100 pesos, if that person has the benefit of receiving a money transfer in dollars. It is also not the same if the person involved is a pensioner without a family or one who lives in a nuclear family whose average income is 1,000 pesos.

"We have already begun the work with the Labor Ministry, but we will require the support of mass organizations. The other day we talked with the Contino (National Coordinator of the Committees for the Defense of the Revolution) in order that the CDR [Committees for the Defense of the Revolution] can help us identify the truly needy persons and the amount they need in state aid. As you can see, this is a lot of work. It is no longer the way it use to be when we said: Well, any individual whose per capita income is less than a certain amount is automatically entitled to receive social welfare. No. A basic analysis will be made and assistance will be provided when all other possibilities to obtain income through labor have been exhausted."

[Arleen Rodriguez] How long do you feel it will take to positively balance the national budget's income-expense ratio?

[Jose Luis Rodriguez] If things continue the way they are going, we believe that this positive balance will occur in the short term. The truth is that we planned for a deficit of 1 billion [currency not specified]. This is still a large deficit. We cannot say it is an insignificant deficit, but it is one-fifth of the deficit we had in 1993. We feel that if a series of measures are adopted, as we have already planned, to increase efficiency in production; if the collection level is maintained; if we begin implementing the tax system, a system that must increase the state's

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collection in a more straightforward manner (the tax system is much more than just a pricing system, because prices are the same for everybody, while in the tax system the people are affected in terms of their specific situation and a different contribution is extracted from each person)—if we do this, we believe that there are tangible conditions under which we can expect a balanced budget by the year 1996. Based on this, we must get used to the idea that the normal thing is for the state not to spend more than it takes in and that it should even have a surplus to use for other purposes.

[Arleen Rodriguez] How can we truly accomplish this with two currencies in circulation?

[Jose Luis Rodriguez] The local currency continues to be main currency in circulation, and proof of this is that with the surfacing of a series of market operations that in the past were carried out in the black market using only MLC [freely convertible currency], these operations are now highly visible and are using local currency. What I am saying is that local currency carries weight in terms of circulation and, consequently, in balancing the budget. It has an enormous impact, because a positive budget in itself—one without a deficit, in other words, a surplus—takes money out of circulation. If to this we add the fact that we will continue to work on a policy of ever-increasing control over freely convertible currency in the country—we cannot forget that this currency generally ends up in stores where prices reflect a kind of sales tax—this logically helps balance the situation in our favor.

[Arleen Rodriguez] If we end up with a domestic convertible currency, would this not be in fact a revalued peso?

[Jose Luis Rodriguez] What we are attempting is to arrive at an exchange rate based on economic standards. We must, however, bear in mind that, if this is done properly, it is a complex operation. It took Vietnam five years, and many more years in the case of the PRC. I am not saying that we have to take that long, but what we simply cannot do is what Russia did—float its currency until it reaches a critical situation on the exchange market. For the time being, we cannot even think of this.

[Arleen Rodriguez] I was in Russia a few months back. When I arrived, the dollar was worth 700 rubles, and a week later when I returned to Cuba it was worth 3,000.

[Jose Luis Rodriguez] It was at 3,900 on Black Tuesday, remembering the 1929 crisis, and today it is more than 4,000.

[Arleen Rodriguez] Why is the Cuban peso still not convertible?

[Jose Luis Rodriguez] It is a complex process. The true convertibility of the peso, in reasonable terms, in terms of a strong currency such as the dollar (and not the convertibility that takes place in an underground economy, where there are thousands of speculative elements), is set by the country's true economic power. Freely convertible currencies are called that because everyone accepts them knowing that behind the currency there is real economic support. Such is the case of the dollar, yen, or the mark, to name a few. In time, we intend to make our peso convertible by basing the exchange rate on the economy, as I just mentioned. But this will not make the peso freely convertible, because we do not have the required power or control over international finances. This holds true for most underdeveloped countries that have local currencies that are only convertible in their own territory at a rate that each country sets, either by market rules or by the state. This difference needs to be understood to avoid confusion.

[Arleen Rodriguez] How does the embargo affect finances?

[Jose Luis Rodriguez] This is one of the embargo's most sensitive areas, primarily because of the lack of international credits created by the pressure exerted by the United States on all government and nongovernment entities that could loan money to Cuba. This has always been the case, but it has increased over the past few years. Second, those that lend the country money charge higher interest rates than market rates because of a label known as a country of risk. This is like saying "charge more for assuming risk when lending to Cuba," and this is directly linked to the embargo.

[Arleen Rodriguez] Do we know of any other country with characteristics similar to ours that has been subjected to these same pressures?

[Jose Luis Rodriguez] I do not believe that the combination of pressures exerted on us has been endured by any other country with characteristics similar to ours. If we speak of embargo policies, military harassment, and even invasion, we have, for example, the case of Soviet Russia in the years following the October revolution. Nevertheless, this was a country with such vast and available resources that it could create its own economy from the start with what we could call an autarkic regime. It is impossible for us to consider this. We have an open economy. Our country is not full of essential natural resources, such as fuel, in the amounts we need. In view of all of this, I know of no other country that has experienced such a situation.

[Arleen Rodriguez] As for the international financial organizations, what type of relations does Cuba maintain with them?

[Jose Luis Rodriguez] Well, at the moment, as we all know, Cuba does not belong to the IMF, the World Bank, or the Inter-American Development Bank, among others.

[Arleen Rodriguez] Why not?

[Jose Luis Rodriguez] In the case of the IMF, Cuba withdrew from it in 1964 because of a number of

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unacceptable conditions the IMF tried to imposed on us, as was its custom at the time. These conditions also were incompatible with the revolution. Today we are open to a process of rejoining the world economy. We do not expect to join any of these organizations because knocking on the doors of these organizations is not our policy, however, we have exchanged information with officials who visited the country or who have contacted Cuban officials abroad to have better information on the Cuban economy. That is the extent of our relations.

[Arleen Rodriguez] What guarantees do we have that we are on, let us use the most traditional phrase here, the right track?

[Jose Luis Rodriguez] I believe the results are the proof. If the results are compatible with the kind of economy we want to implement efficiently, as well as with our political model in terms of what is sacred to us and what we know we cannot touch, and if the economic results are indeed favorable, I believe they constitute the best proof that we are on the right track.

"In this first phase of financial cleansing, life proved that the course chosen was the right one because of the manner in which the measures were taken and because of the results obtained. I believe this is how we proved it to ourselves."

[Arleen Rodriguez] If you had to convince a foreign investor on the stability of the Cuban economy, what would you tell him?

[Jose Luis Rodriguez] I would tell him that the measures we are taking, regardless of the political conditions under which they are being implemented, are generally accepted measures of economic rationality. Take balancing the budget, for example. The IMF demands all economies reduce their state budget deficits before lending them money. What sets us apart from the IMF? The manner in which we want to obtain results while maintaining our social and political accomplishments. Our measures are very rational, however. All countries have the need to make prices reasonable in terms of production; in other words, all countries need to reduce inflation. This year, we were able to induce a minor reduction—but a reduction, nonetheless—in the inflationary pressure the country was enduring. We did it by applying different methods; that is, we have a number of measures stemming from a general economic rationale. As one talks about this with a foreign investor or with a person who comes from abroad, he realizes we are doing the same thing other people are doing. The method we are using is what sets us apart. It is here where the amazement begins. They do not understand how we can do these things while upholding certain values. It is here where the Cuban case becomes, we could say, original.

[Arleen Rodriguez] Do you feel secure? Do you feel secure at the ministry?

[Jose Luis Rodriguez] We are sure that what we are doing in terms of strategies is the right thing to do. We do not have any doubts whatsoever. Anyway, we are definitely open to reviews of what we are doing. Here we are monitoring policies in a tangible and very regular manner. We revise the country's budget on a monthly basis, and if something unexpected or something that runs counter to a measure we have already taken arises, we are able to correct it.

[Arleen Rodriguez] Do you receive opinions, criticism, or suggestions from you former colleagues, the academicians?

[Jose Luis Rodriguez] We do get opinions, but not as many as I would like. I even want economists to write more about these issues, certainly in a serious fashion, because sometimes we have had unfortunate exchanges with academicians and companeros. We have had the feeling that certain opinions are outdated, and I believe it is very necessary to move forward with the ideas on how to resolve the problems we still have. We refuse to resolve them by resorting to old and simple formulas or formulas that do not reflect reality. Instead, we want to use formulas that try to delve more deeply into reality.

[Arleen Rodriguez] Do you pay attention to what they say?

[Jose Luis Rodriguez] For instance, this year I have met with all of the country's economic forums: the western, center, and eastern forums. We exchanged ideas. I listened to their opinions, and they listened to our opinions on the economic policies we were implementing. More recently, I attended the forum held by the National Association of Cuban Economists on behalf of the government. I also have attended a number of provincial congresses. We have had the chance to listen to many observations, some of which agree with ours and some of which do not. We have discussed them very freely, and interesting ideas have emerged. In addition, people here write to the ministry and propose ideas, some of which are very interesting. We consider all of them, and we always respond to those who propose any measure to us.

'Straight Talk' Discusses Economic Changes

FL0203155295 Havana Radio Rebelde Network in Spanish 1700 GMT 23 Feb 95

["Straight Talk" program with host Juan Carlos Roque Garcia and guest Osvaldo Rodriquez from BOHEMIA magazine]

[FBIS Translated Text] [Roque] Good afternoon. I will begin with a question: Will the Cuban economy change in the short term? Osvaldo Rodriguez is here to discuss the issue. You will recall that we recently discussed the economic changes of the 1990's, and that we left the topic on how the outcome of these changes will directly affect our economic recovery for subsequent discussion.

[Rodriguez] In the first place, I affirm that one can predict that the Cuban economy will be different in a few years. Now we'll explain how it will be different because

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I think certain details merit discussion. First, I think we should evaluate the economic situation in Cuba today, in 1995. We have introduced a foreign element into the Cuban economy; that is, the circulation of two currencies. This undoubtedly involves difficulties from the financial standpoint, for the economy in general, and for each individual's personal economic situation. Several times I have remarked that the circulation of two currencies also effects what we call the macroeconomy. It must be noted that this double circulation has been an incentive, has led us to recognize the need for hard currency as in any other economy, however, the value of our own currency should not be tied to foreign currency while we seek hard currency. Rather, we should transform our currency to have the value of hard currency. I think this will be the incentive to start the economy's engine, which begins slow and builds up steam as it goes.

[Roque] Herein lies the kernel of the question: Will the Cuban economy change in the short run? If we follow this road, it must become different because it will be based on different things than it has been in the past.

[Rodriguez] Of course. One of the essential elements that is more salient in a modern economy is the concept of human resources. Cuban socialism, world socialism has always endorsed the theory of the importance of satisfying individual needs; many times, however, this is practiced only in theory. As we have said on prior programs, the socialist maxim—to each according to his effort, and to each according to his ability—has not been lived up to. Capitalism has embraced this maxim somewhat and has tried to adapt it to its economic mechanisms. Nowadays, developed capitalist countries are concerned about the individual, but there is still exploitation going on in Third World countries. Capitalism in industrial countries has discovered the need to care for human resources, so these people are trained for the sole purpose of better exploitation.

We have our own socialist model in Cuba, and should be able to implement some specific economic mechanisms to open the path and affect the transformation Cuba needs to make a true socialist country possible.

[Roque] A socialist country where men would really be useful.

[Rodriguez] Of course.

[Roque] Where men represent society's interests, but can also be incorporated into society to make their contribution.

[Rodriguez] Also, men should feel as if they are the owners of the resources.

[Roque] I agree.

[Rodriguez] We feel we are owners of this station because we have a responsibility here. This Straight Talk program, for instance, is produced by a group of comrades. We feel we are the owners of the program and the slot. We have been given responsibility, but also the opportunity to be active participants. I believe this also happens in factories. I would certainly feel that I own the lathe that I operate, the part I am producing. I would need to feel that I own all of the production tools, but also that I cannot take them home because I am not the sole owner; there is collective ownership.

[Roque] It is a case of principle.

[Rodriguez] Of course.

[Rodriguez] We will begin with the topic of today's debate regarding the question of whether the Cuban economy will change in the short term. In essence, when we answer yes, we are forecasting that this premise is viable. This happens when things can be planned and anticipated.

[Rodriguez] It is clear that recovery is underway, as has been predicted. We are now finding what lies on the path to the future, which is sometimes not so far away as one might think because results often occur quickly. It has taken work, much effort, and sacrifice. Nowadays the cost of living is high, and not everyone can afford to buy in the farmers markets, which we have discussed on Straight Talk before. Yet, this is the cost of recovery. Everyone is expecting something from this recovery, although we do not know how fair it will be. We have addressed the end-of-egalitarianism topic in previous programs during which we noted that people are now going to earn in proportion to what they produce.

The solution to end the crisis will not be egalitarian, and we need to stress this point. He who works the hardest will be better off. This is not happening yet in the economic sector, but the economy is gradually introducing this essential concept to increase production, which is the final goal of the anticrisis measures. Our whole problem rests on production. Cuba could import and consume more if we were able to increase production. Otherwise, we are not going to import or consume more, and our money will have no value.

[Roque] Unfortunately, Osvaldo, many unproductive people currently earn more than those who produce. This is a reality we need to face. Though many people work in non-productive jobs and do not make an economic contribution, they are highly paid. When is this going to change?

[Rodriguez] We are now addressing this issue, when we say that there are going to be changes in the Cuban economy. The transformation should take place without chaos or trauma. Those more well paid individuals who do not produce tangible goods, and who sometimes have an important job, but do not merit the salary they receive, are a heavy burden on the shoulders of the economy. Undoubtedly, this situation—and that of having three people doing the work of one—cannot go on. We are seeing changes in this regard.

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Much has been said about padded payrolls, and how the ongoing process is downsizing personnel rosters. This is simply organizing the prevailing disorder. The Revolution's employment policy has been too magnanimous, very humanitarian, and perhaps sometimes detached from economic reality. So, many workers feel that the state owes them a salary without any responsibility on their parts. They see the state as something separate, above them. They do not realize that the state is you and me. The state is not giving me a handout. I am capable of producing, so I am providing for myself. All of us produce what will be distributed to my family, your family, and the neighbor's family.

[Roque] However, the state is in charge of final distribution, which is not fair from an earnings standpoint because some jobs are more well paid than others. We agree that one needs to be paid according to what one produces. Yet there are jobs, and there are jobs, and this is the problem.

[Rodriguez] Economic changes occurred as the result of the end of the state's managerial role. The state should be in charge of controlling, auditing, and enforcing a series of norms, but cannot play the role of manager. Our tradition from socialist heritage, from the economic policy of the socialist bloc, has really lost sight of the economy.

[Roque] Yet there is such centralization that we could say that the state methodically controls the salary of a particular kind of worker, and that this salary is similar in all enterprises nationwide, which....

[Rodriguez, interrupting] This is also going to change.

[Roque] .... which is a mistake. It is not right to have someone cleaning a hospital earning the same salary as someone cleaning a school. The jobs are different, and one is harder than the other. Perhaps this is not the most appropriate example, but sometimes a welder in an important Cuban factory earns the same amount of money as a welder in a little workshop on the corner.

[Rodriguez] We are discussing the essential elements of economic transformation. Workers ultimately determine the economic outcome. The economy is not decided by the state above or by an intermediate structure, but by the workers, who are the ones producing. So the first step is to give the factory manager the opportunity to manage his labor force, which is his principal resource.

[Rodriguez] There are managers of million-peso stores, with millions of significant resources, yet they do not manage the labor force. Someone above decides how much they are going to be paid. Regarding your welder example, a welder in Havana, where perhaps a million welders are available, cannot compare to a welder in Guamuta for instance, just to mention a remote location. This welder needs to receive a higher salary because he is perhaps the only welder in town.

Economic transformation requires a labor and salary reform, not just salary increases per se. This reform, and the possibility of working in more than one place, or having more than one job, is the only way to resolve the increasing cost of living and the national financial problem.

[Roque] The solution is finally to end centralization and to have the power to take action.

[Rodriguez] Also, labor forces must be stimulated because they need to receive incentives during this period of economic pressure.

[Roque] Thank you.

Haiti

Authorities Arrest 'Many' Over Alleged Destabilization Plot

FL0303003995 Port-au-Prince Signal FM Radio in French 1130 GMT 2 Mar 95

[FBIS Translated Text] AHP has learned from a generally well-informed source that many people were arrested in Port-au-Prince over the weekend, following reports of an alleged plot against internal state security.

The source also reports that Deputy Public Prosecutor Jean-Auguste Brutus will replace Public Prosecutor Marc Kesner Michel Thermezy at the Port-au-Prince Magistrates Court. AHP also learned that interim Judge Bien-Aime Jean replaced attorney Henock Voltaire as doyen of the same court on 24 February.

Dieumaitre Lucas, a powerful member of the former Duvalier militia, was reported to be among those arrested over the weekend.

Former General Williams Regala and former Colonel Franck Romain, the other two accused of being involved in the plot, are said to be in hiding. U.S. military officials admitted last week, following the publication of an article in THE MIAMI HERALD, that the two men had actually plotted to destabilize the young Haitian democracy. Former Colonel and Port-au-Prince Mayor Franck Romain was accused in February 1986 of being one of the main sponsors of the Saint-Jean Bosco Church fire, during which over 10 believers were assassinated. Romain had to take refuge in the Dominican Republic after the 17 September 1988 coup d'etat that overthrew Gen. Henry Namphy, of whom he was a close colleague. Former Maj. Gen. Williams Regala is accused of having been the main person responsible for the Jeremian vespers [les vepres jeremiennes] of 1964 and for the massacre of the voters on 29 November 1987, following the breakup of the vigilance brigades.

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Council Continues Deliberating on Election Delegates

FL0303014795 Port-au-Prince Signal FM Radio in French 1130 GMT 2 Mar 95

[FBIS Translated Text] A source close to the Provisional Electoral Council [CEP] has told AHP that on 27 February the CEP was supposed to release the list of delegates from the nine Departmental Electoral Offices [BED] who will supervise elections in the country's nine geographic departments. The source pointed out that the electoral institution worked over the weekend on the list of proposed candidates that was compiled by the three CEP delegations which visited various provincial cities.

The source said that the CEP delegation which worked in Port-au-Prince City Hall on 24 February had collected 43 proposals from candidates and 101 resumes. CEP criteria were considered when sifting through the candidates—that is, BED candidates must be at least 35, be Haitian, enjoy his or her civil and political rights, have never been sentenced to jail, and live in the department. A total of 27 BED members must be chosen—that is, three per department.

Some of the meetings that the CEP delegations convened between grassroots organizations and civilian societies unfolded in an atmosphere of protest and dispute, notably in Jacmel. The upcoming legislative, municipal, and local elections are scheduled for 4 June. A second ballot is planned for 25 June.

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Zedillo Cited on Salinas, Exchange Rate

PA0303033895 Mexico City Radio ACIR Network in Spanish 0000 GMT 3 Mar 95

[From the "Evening News Panorama" newscast]

[FBIS Translated Text] [Announcer Jose Cardenas] President Ernesto Zedillo Ponce de Leon today commented on the arrest of Raul Salinas de Gortari, brother of former Mexican President Carlos Salinas de Gortari. Ernesto Zedillo said: This is a family tragedy. It is not a personal matter, but a legal matter. Rosi Ahuatzin Vasquez accompanied Dr. Zedillo today on his working tour of Tlaxcala State, where naturally this issue was broached. Go ahead Rosi, good evening, and how are you?

[Ahuatzin Vasquez] Thank you, Jose. Good evening to our radio listeners. The impunity of the past is over in Mexico. No one, absolutely no one in the country can be above the law. I have the people's support for this. This is what President Ernesto Zedillo said today during his working tour of Tlaxcala. The president was referring to events he feels are a matter of the law, and not a personal matter with Carlos Salinas de Gortari. The main topic of discussion during the bus ride in which President Zedillo was accompanied by members of the press was the arrest of Raul Salinas de Gortari.

Of course, this was an informal conversation, and Dr. Zedillo admitted that the case of Raul is a family tragedy. It will be, however, up to the authorities to rule on the case. He said that neither he, referring to Carlos Salinas de Gortari, nor I, nor anyone else can decide this case. The Attorney General's Office will have to present the necessary evidence. One correspondent asked him how one should interpret the former president's reaction. Ernesto Zedillo replied: I owe him respect. Salinas will go down in history as a good president, a president who modernized things. He even invited me to work in his administration. He is worthy of our respect.

Zedillo began his tour at the Atlangatepec Ejido, where he distributed land ownership titles. He was very emphatic in his speech when he said the country must be ruled by a state of law, because no one, absolutely no one in the country can be above the law. Impunity is a thing of the past. This is what he had to say:

[Begin Zedillo recording] I hereby state: No one can be above the law. Impunity is a thing of the past in Mexico. I hope to have the Mexican people's support in making impunity a thing of the past of our country. [applause] Impunity cannot be part of Mexico's future. This is why we will continue to strenghten our justice system. [end recording]

[Ahuatzin Vasquez] Jose, this speech was further explained in Huamantla, another Tlaxcala municipality and the final stop of his tour. The president said we will implement the law without harming innocent parties. It is about time we unequivocally accept that the law be applied to government officials, as well as to the people in general. Let us again listen to President Ernesto Zedillo.

[Begin Zedillo recording] Preserving the law and preserving the state of law must not be used to harm the honor of innocent parties or to create false populism, much less to disrupt the institutional life of the republic. It is time we unequivocally accept that the law is above everything else. [end recording]

[Ahuatzin Vasquez] Jose, in Tlaxcala we noticed there was a change of attitude among the people regarding the latest events. We could hear cheers from the people who went out to greet President Zedillo as he passed by. The people cheered and said Ernesto Zedillo is a courageous man and that Mexico has a good president. He also visited Tetla, a municipality that now has a sports center, because the president went there to dedicate it.

He also visited Huamantla, where he signed a social development agreement for the state. There, he noted that today he sent the Congress of the Union the draft Law on Dialogue, Reconciliation, and Peace in Chiapas State for discussion, analysis, and probable approval. President Ernesto Zedillo also announced in Huamantla that the decentralization of the Agriculture Secretariat will first be implemented in Tlaxcala State.

During the bus ride, President Ernesto Zedillo spoke with journalists. Some of them said the discussion at times became somewhat stilted, because the president answered in monosyllables. He also spoke of economic issues and told the journalists that, for the time being, conditions are not right to set a firm exchange rate for the peso. The economic conditions are not right, he insisted, and the peso will continue to float. He also was asked that, when economic growth is once attained, will it be possible to establish a firm dollar-peso rate. He answered: Well, we will have to see about that, but for now our currency must continue to float slightly.

President Ernesto Zedillo also was asked whether there would be cabinet changes. He answered: Perhaps there will be, but they will take place when I want them, not when the newspapers want a scoop. President Zedillo returned to Mexico City at 1530. He is now at Los Pinos Residence. We have been told that tonight he will hold a private meeting with businessmen. We will be alert to developments at Los Pinos.

[Cardenas] Of course, we have to be very alert. This morning, Labor and Social Welfare Secretary Santiago Onate Laborde told us that some businessmen are already talking about modifications or new guidelines for the Agreement of Unity To Overcome the Economic Emergency, considering that Mexico has already obtained the financial support of the United States. This changes conditions in terms of the country's situation. Exchange rates, the situation of the peso with regard to the dollar, stock market fluctuations, restrictions on

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public expenses, and credit restrictions all change the economic conditions of the country.

[Ahuatzin Vasquez] Of course, we will be very alert. We now have conditions, as President Zedillo has said, under which we can reinforce our economic adjustment and enter the stage of economic growth.

PAN Leader, PRD Senator React to Salinas' Arrest

PA0203181295 Mexico City XEW Television Network in Spanish 0430 GMT 2 Mar 95

[From the "24 Hours" Newscast]

[FBIS Translated Text] Raul Salinas de Gortari's arrest has prompted reactions from various sectors of Mexican society.

This newscast obtained the views of Carlos Castillo Peraza, president of the National Action Party [PAN]:

[Begin Castillo Peraza recording] I believe that former President Salinas' reaction has been exaggerated because at no time has the Attorney General's Office even insinuated that he has any criminal responsibility in the Colosio or Ruiz Massieu cases.

I also believe that the media is overreacting when it talks about a Zedillo-Salinas rupture because Zedillo asked Salinas to admit his mistakes. But I believe that the most serious aspect in this matter is to have fallen again into the most archaic type of presidentialism: the ritual sacrifice of the former president. This creates a guillotine climate, a feverish thirst for revenge, a zeal to find a single culprit for everything. What is most serious is that, in the case against Raul Salinas de Gortari, an attempt is being made to involve former President Salinas in other penal or criminal matters without any evidence whatsoever.

It is very sad that such a climate is being created without any proof, only based on rumors, insinuations, and baseless accusations.

I also wonder where those people are who yesterday deified, praised, and benefitted from former President Salinas' help or friendship.

I believe that this kind of cruelty in the Mexican political system must end. This kind of presidentialism must not continue to occur in this country.

In any case, former President Salinas, like any other Mexican, has the right to have accusations against him proven. It is not right to make prejudgments based on rumors against him or against any compatriot. [end recording]

On behalf of the PRD [Party of the Democratic Revolution] Senator Cristobal Arias said:

[Begin Arias recording] I feel that this is an important headway by the Zedillo government in solving these crimes, crimes that have shaken broad sectors of the population. I also hope that this will be an initial step to put an end to impunity in the country and restore credibility in the judicial institutions. [end recording]

Carlos Salinas To Begin 'Total Fast'

PA0303042395 Mexico City NOTIMEX in Spanish 0358 GMT 3 Mar 95

[FBIS Translated Text] Mexico City, 2 Mar (NOTIMEX)—Former President Carlos Salinas de Gortari has announced he will go on a total fast tomorrow until the economic "errors" of last December are acknowledged and the murder of Luis Donaldo Colosio is clarified.

Police Arrest New Suspect in Colosio Murder

PA0303034695 Mexico City NOTIMEX in Spanish 0257 GMT 3 Mar 95

[FBIS Translated Text] Tijuana, 2 Mar (NOTIMEX)—The police have arrested Mario Alberto Carrillo here for his alleged involvement in the assassination of Mexican presidential candidate Luis Donaldo Colosio, police sources announced today.

Alberto Carrillo was identified as "the diver" in the investigation of the case because in the video he appears to throw himself at Colosio's feet during the murder which took place on 23 March 1994.

Deputies Express Opposition to U.S. Aid Package

PA0203163595 Mexico City LA JORNADA in Spanish 1 Mar 95 p 55

[Report by Ricardo Aleman Aleman]

[FBIS Translated Text] The deputies of the National Action Party [PAN] expressed their unanimous opposition to the granting of a credit line for up to $20 billion by the U.S. Government to Mexico, "because Mexico is being surrendered entirely through a suicidal contract that puts us in worse conditions than those caused by a moratorium."

The deputies of the PRD [Party of the Democratic Revolution] confirmed that they will challenge the financial package "because it implies the surrender of national sovereignty." Sources of the PT [Labor Party] also voiced their opposition to the $20 billion credit.

In the meantime, it was learned that within the ranks of the PRI [Institutional Revolutionary Party], there is a group of legislators who strongly question the conditions imposed by the U.S. Treasury and the IMF, and the possibility that some PRI members will break away from the traditional party discipline and express their opposition to the governmental decision of accepting the loan has not been ruled out.

Beginning on 6 March, congress will discuss the conditions imposed by the U.S. Government for the granting

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of the credit. Meanwhile, Finance Minister Guillermo Ortiz will appear before commissions today and will answer questions by federal legislators from all parties. It was learned that the Grand Commission of the Chamber of Deputies unilaterally barred reporters from attending this meeting.

Today, approximately 50 federal PAN deputies met and analyzed the text of the agreements signed by the Mexican and U.S. Governments for the granting of a loan for 20 billion pesos [currency as published]. The group of PAN legislators expressed its unanimous opposition to the conditions of such a loan.

PAN member Jorge Padilla Olvera talked about the agreement reached by his group and explained that the conditions of the IMF and the U.S. Treasury "are unacceptable" because the conditions of high interest rates, a total restriction of credit and a reduction of the currency in circulation will bring about a total economic standoff.

"This has already caused the total collapse of the Mexican financial system. The first effect is the economy's total bankruptcy and the generalized dependence of the production sectors on the United States," Padilla Olvera remarked.

"We cannot agree with the conditions being imposed on us because their effects are comparable and even worse than the effects of a moratorium. In fact, the country is being handed over entirely with a suicidal contract," Padilla Olvera stressed.

Industrialists Agree Need for Economic Program Urgent

PA0203232295 Mexico City UNOMASUNO (ECONOMIA Supplement) in Spanish 1 Mar 95 p 2

[Report by Amalia Frias and Hilario Monroy A.]

[FBIS Translated Text] The private sector will not accept that "hasty negotiations on the new economic package being designed by the government because the proposals should be profound and concrete in order to improve economic conditions and permit greater maneuvering room to achieve this. A concrete industrial strategy should also be imposed because solving the country's difficult situation is urgent," Luis German Carcoba Garcia, president of the Business Coordinating Council (CCE), stated yesterday.

Carcoba agreed with the presidents of the Concanaco [Confederation of the National Chambers of Commerce], German Gonzalez Quintero; the Concamin [Confederation of Industrial Associations], Fernando Cortina Legorreta; and the Canacintra [National Association of Manufacturers], Victor Manuel Terrones Lopez, that "the government has not convened business leaders to agree on the new economic program, which should be implemented immediately."

Canacintra leader Terrones Lopez, who was interviewed shortly after President Ernesto Zedillo Ponce de Leon inaugurated the 54th Annual Regular General Assembly of that organization, said that "we will not accept cooking recipes. In the case of the industrial sector, the government should support industrial development because the lack of development policies during nine years caused the rupture of the productive process."

Asked about whether or not it will be possible to resume economic growth as indicated by President Zedillo during the inauguration of the Canacintra's assembly, Carcoba Garcia replied:

"First, we must definitely put the current situation in order. As everyone knows, the government is preparing a law for a new economic program which will become the starting point to enable all the sectors and the all of society to assemble a new plan for the future of the country. At present, we have the appropriate foundations, but we should resolve the current situation."

He rejected, as did the other business leaders, the inclusion of increased taxes in the new economic program: "thus far, we do not know anything about the bill on the new economic program, but we will not accept more taxes, especially at this time, when most companies are going through a very delicate situation due to a lack of liquidity."

Concanaco President Gonzalez Quintero noted that Mexico will only experience growth "if trust is generated this would probably help stop the collapse of the economy in June or July. Taking an optimistic perspective, we believe we can achieve a growth of 1 percent of GDP by the endof the year, but realistically, we believe it will be zero."

Gonzalez Quintero, the top leader of the country's trade, services and tourism sectors, noted that the fact that Mexico does not have a fixed exchange rate for the peso continues causing uncertainty: "It has prompted investors to act in the Mexican Stock Exchange without any economic common sense or logic in such a way that it goes up and down. However, we believe the exchange rate might become stable in a period of 15 days."

Cortina Legarreta, who will finish his term at the beginning of March, expressed his confidence that the measures that will be disclosed in the new economic program, "which was dubbed pact and now could be dubbed otherwise, could inject a strong impetus into the economy. This is why we are holding a dialogue and working with the authorities."

Terrones Lopez, who was reelected to the presidency of the Canacintra for another year, said the possibility that the government will propose an industrial policy program in which the productive sectors have not been consulted has been ruled out, "because we do not want cooking recipes anymore, but clear policies that promote development and save the micro, small and medium businesses."

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He explained that the creation of the National Council of the Small and Medium Enterprises, which was announced by the president, has sparked hopes of developing a productive apparatus that will promote employment, "which we have lacked since nine years ago."

President, Legislative Commission Sign Amnesty Bill

PA0203150795 Mexico City XEW Television Network in Spanish 0430 GMT 2 Mar 95

[From "24 Hours" newscast]

[FBIS Translated Text] The president of the republic and the members of the Legislative Commission on Dialogue and Reconciliation for Chiapas signed a joint Bill for Dialogue and Reconciliation and a Dignified Peace in Chiapas—this is the name of the bill—at Los Pinos this evening.

For the first time in Mexico's history, the legislative and executive branches have agreed to promote a bill. In this case, the bill will be submitted to the Congress of the Union for a solution to the conflict in Chiapas. A political solution is being sought strictly adhering to the law.

At the meeting, held in the Vicente Guerrero Room, the Legislative Commission on Dialogue and Reconciliation recognized the president for keeping his public promise to submit this bill only after he had the commission's consensus.

President Zedillo recognized the commission's efforts in discussing and drafting the bill. The bill will be submitted to congress tomorrow through the Government Secretariat in order to start the legislative process.

There will be opportunities to listen to new views to enrich the law on peace for Chiapas, which is what all Mexicans want.

The bill calls for the need to create the necessary conditions for a dialogue and negotiations, foresees the adoption of commitments for a peace agreement that will lay the groundwork—within the de jure system and the institutions—to guarantee peace, deals with the causes that created dissatisfaction, and promotes the placement of the group onto a peaceful and lawful course. It also seeks to meet the economic demands of the various sectors in the Chiapas society, promotes social welfare and economic development, and provides the guidelines for an amnesty.

Draft Law for Dialogue, Peace in Chiapas Outlined

PA0303005595 Mexico City NOTIMEX in Spanish 2158 GMT 2 Mar 95

[FBIS Translated Text] Mexico City, 2 Mar (NOTIMEX)—The Mexican Congress today received the draft Law for Dialogue, Reconciliation, and Dignified Peace in Chiapas, which will be discussed by legislators starting next Monday.

The draft law calls for the creation of two commissions—a Concord and Pacification Commission, and a Follow-Up and Verification Commission that will oversee any agreements reached in possible negotiations to end the conflict in the southeastern state of Chiapas.

The draft, which was proposed by President Ernesto Zedillo on 22 February, was reviewed and finalized by members of the congressional commission in charge of reviewing the Chiapas situation.

The document stresses, "The investigative and judiciary procedures that have been initiated against members of the group of illegal rebels will be suspended within 30 days."

The law, containing 13 permanent articles and four provisional ones, says that, if it is deemed necessary to facilitate peace talks, "the suspension of arrest orders could be broadened under an agreement with the federal Public Prosecutor's Office."

The law stresses that those attending the dialogue, which will be held in places agreed upon by both the government and the Zapatist National Liberation Army (EZLN), must not carry weapons, while, at the same time, their safety and property must be guaranteed.

The draft law says there is a need to immediately resolve each and every one of the causes behind the armed conflict that erupted on 1 January 1994. The law assures there will be ample state, municipal, and federal funds, as well as support from private enterprise, to launch development programs in poverty stricken areas.

The Concord and Pacification Commission will comprise individuals from the legislative commission and the National Mediation Commission (Conai), as well as those designated by the rebel group. The commission will be in charge of establishing bases for dialogue and negotiation, and it will assist in establishing frameworks, mechanisms, and venues for talks which must ultimately lead to agreements for pacification and concord. Meanwhile, the Follow-Up and Verification Commission will direct all of its efforts to follow up in a timely manner all agreements reached.

The document stresses that the draft law to attain peace in Chiapas, which will be discussed beginning next week at a special session of Congress, will attempt to establish an agreement for concord and pacification.

It points out, "The reestablishment of a state of law is a prerequisite for providing comprehensive solutions to the serious injustices committed against those who live in the conflict zone, particularly those who live in the Indian communities."

The provisional articles state that the Concord and Pacification Commission will be installed three days

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after the law has been implemented—that is, after it has been approved by Congress and published in the nation's Official Gazette.

Government Anti-EZLN Policy Viewed Harshly

95CA0143A Mexico City LA JORNADA in Spanish 19 Feb 95

[Commentary by Antonio Garcia de Leon, Chiapas history specialist: "Between Politics and War"; received via Internet]

[FBIS Translated Text] In great haste, without waiting the required six years to repeat or exacerbate the mistakes and offenses of his predecessors, Ernesto Zedillo has begun a descent into the darkest epochs of the past, times we thought we had buried forever with the changes that Mexican society and political civility have undergone since 1968. Thanks to a new civic culture, which came of age during the years of resistance against the ruling party regime, this escalation has not intimidated anyone, and has placed the government in a gray area between the ridiculous and the tragic. Unfortunately, this new plan, "Operation Rainbow," presages worse times ahead, and threatens the nation's stability. The "witch hunt" has now revived McCarthyite impulses, and its deployment has resulted in the arrest of alleged members and sympathizers of the Zapatist National Liberation Army (EZLN). The individuals presumed to be the top leaders are being held in the maximum security prison at Almoloya.

After a period during which the country's economy was systematically destroyed by an economic model imposed from abroad, a period that lasted at least two presidential terms and returned us to a postmodern version of the tragicomic times of Santa Anna, the clock has speeded up again. Only two and a half months after the Zedillo Administration took office, all vestiges of courtesy, intelligence, common sense, authority, and shame have been eradicated from public life. In the Chiapas conflict, we are back to the first days of 1994, and in the meantime, the legal order has been violated. During this short time, we have been stunned to realize that we are being governed by a mediocre administration, which—in the worst case—has six long years of pre-planned disaster ahead of it (that is, if there is anything left to destroy by then).

But since the military assault on Chiapas and the ostentatious conventional war declared on the rebellious communities and the dissenting citizens of that state, the crisis has reached inconceivable extremes. In just a few days, and at an enormous cost, Zedillo has managed—among other things—to turn our once glorious Armed Forces into a banana republic army with serious tendencies toward "kaibilization" [conversion into soldiers like Guatemalan counterinsurgency forces, or "kaibiles"], to promote distrust in the economy, and to deal a new blow to the stock market and the moribund peso, virtually bringing economic life to a standstill.

This effort at "seeking dialogue" by waging war now entails installing "strategic hamlets" in the towns that have been emptied of residents, forcing the first people displaced by the conflict to return there and showering them with the "benefits" of assistance in exchange for betrayal: an initial step toward the formation of "self-defense patrols," a la Peru or Guatemala. In addition, in response to a direct request from Zedillo to the president of Guatemala, military action has been coordinated with the elite corps ("kaibiles") of that country's army. In just 72 hours, under this plan, the National Defense Secretariat (Sedena) has "restored the rule of law," (that is, impunity) and is preparing to station some of its troops in the recovered region, which will make it difficult to resume the dialogue. The plan now calls for turning those lands over to the peasants who have been loyal to the progovernment peasant federations, such as the Rural Associations of Collective Interest (ARIC)-Union of Unions, which support the Institutional Revolutionary Party (PRI) and have been the cornerstone of the counterinsurgency operation. This move will further complicate the already tangled web of the situation in Chiapas. The resignation of the governor who had been imposed through fraud and centralist arrogance, which could be a sign of detente, has been neutralized by the new appointment of a gray interim governor (also a PRI member) and by the fact that the entire group of Robledists, led by Eraclio Zepeda, is being left intact in the state government. In this context, it is inconceivable that the state leadership of the Party of the Democratic Revolution (PRD) will ignore the outcry of party rank and file and treat it like a "democratic transition government of pluralist integration" (sic).

Thanks to the national and international press and U.S. TV networks, we already have details of this new order: bombings, strafing by helicopters, torture, illegal searches, summary executions, and "social assistance." On CNN we see the empty towns whose residents fled with the rebels—just like Morelos when it was leveled by Carranza's troops during the first Zapatist Commune—and the tanks that are even placed in chicken coops. The miserable few who remain there will not accept the food baskets offered by the Army, and hunger has not diminished their dignity. But the best illustration of the current "rule of law" is the image of the Aguascalientes library, stocked by civilian entities as a donation to a besieged community in conjunction with the citizen effort to compensate for the neoliberals' neglect of the countryside: It has been flattened as if it were a military target.

As for political relations, in just two and a half months we have returned to the 18th century, around 1767 when the Visitador Galvez, on instructions from the Spanish Crown, expelled the Jesuits, burned "subversive publications" by that religious order, and quelled by fire and sword several revolts in the center of the country (which presaged Hidalgo's rebellion). At least that is the attitude of the "agents of the law" as they threaten churches and priests and carry out their unthinkable search of the Ocosingo convent. Attorney General Lozano Gracia,

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who has become the McCarthyite executive of a group of torturers, is looking for arsenals in the sacristies. He has demonstrated the fascist nature of the current leadership of the National Action Party (PAN).

In this climate, the government wants everyone to run away and go into hiding so that it can proceed to exterminate them, just as it did in 1968. The Office of the Attorney General of the Republic (PGR) is expecting bombings and terrorism in the cities, when you do not have to be Sherlock Holmes to figure out that the bombs that exploded in the first days of January 1994 may very possibly have been set off by Patrocinio Gonzalez Garrido from the Interior Secretariat itself. The other problem is that more than 25 years have gone by since then, and the gaffes of a government weakened by the total lack of credibility are now seen as part of a farse aimed at concealing the economic and political crisis and practicing sleight of hand to keep Mexicans from finding out about the ominous conditions of Clinton's multimillion-dollar "loan." The people's response has been seen clearly in the various marches to the "zocalo" [Mexico City's main square], the mobilizations throughout the country, and the fact that the EZLN's social influence has increased rather than decreased—indeed, it has emerged as one of the principal political forces of the immediate future. Zedillo is demanding that the Zapatists engage in politics—and what else have they been doing, except practicing one of the most modern forms of politics, in a manner that has been an oasis in the national desert of recent years? Are they not winning a war without firing a single shot?

The operation has been a failure in its first phase; it has eaten away at the incipient Zedillo Administration, forcing it to abandon the war and return to politics (that is, if it is still possible to do so). The rebel army is intact after its tactical retreat, while the Office of the President, the PGR, and the Sedena are contradicting each other with every statement, further increasing the confusion of a botched publicity campaign. The bombs in the jungle are exploding on Wall Street, and the government responds to "Marcos's" communiques with an increasingly rigid and archaic discourse which makes it difficult to return to normalcy. We Mexicans will stop the war, the erroneous path that Zedillo chose in his effort to assassinate "Marcos" and turn Guadalupe Tepeyac into a new Chinameca.

In the face of this barbarity, unprecedented events—which are like blank pages of a history yet to be written—pile up before our eyes and are like windows on the future. The need to make the transition to full democracy and a true rule of law is now clearer than ever.

Vatican Support for Bishop Ruiz Cited

95CA0146A Mexico City LA JORNADA in Spanish 24 Feb 95

[Item received via Internet]

[FBIS Translated Text] AFP, ANSA, and AP—Rome, 23 February—The Holy See supports San Cristobal de las Casas Bishop Samuel Ruiz Garcia's work in defense of the Indians and his mediation to achieve peace in Chiapas, revealed Vatican sources.

They also said that the article published in the Vatican newspaper L'OSSERVATORE ROMANO several days ago, which openly defended Msgr. Ruiz, came from the Secretariat of State. That entity is headed by Cardinal Angelo Sodano, who is sensitive to Latin American issues. The article was personally approved by a prelate who is one of Pope John Paul II's closest aides, they reported.

Furthermore, the defense of Ruiz himself and of his work, in the wake of the recent physical assaults on the bishop and attacks on his church, is merely the fulfillment of a commitment made by the pope to the indigenous peoples of Mexico and other Latin American countries in a speech he made on 7 March 1983 to the Indians of the Guatemalan department of Quetzaltenango.

That commitment was later ratified in a message to the Indians of America from Santo Domingo on 12 October 1992, during the commemoration of the 500th anniversary of the evangelization of the Americas.

According to Vatican tradition, the fact that the article in L'OSSERVATORE ROMANO was unsigned makes it an editorial and an expression of the official position of the Holy See. The article asserted that some people were "blowing on the fire" (fueling the fire) in the Chiapas crisis.

According to the Vatican newspaper, the "latifundists [big estate owners] and the powers that be in the region are doing everything they can to sabotage the dialogue and provoke an armed confrontation and bloodshed."

Referring to the dramatic confrontations in San Cristobal last Sunday, the daily contended that "extremists in the pay of the ranchers attacked the cathedral, shouting slogans that were offensive and threatening to the bishop. Indians and peasants came out in defense of the Church and its pastor."

In this manner, the Vatican appears to have embarked on a campaign of support for a Mexican bishop who is trying to mediate in search of a peaceful solution to the rebellion in the southern state of Chiapas.

The ANSA wire service, though it does not identify its sources either, quotes Vatican Latin American affairs expert Luis Badilla as saying that the Holy See "continues to consistently support the policy of peaceful social renewal."

Ruiz has been excoriated even by the leadership of the Catholic Church in Mexico, generally conservative officials who do not look kindly on his position with respect to the problems in Chiapas.

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"The Holy See never considered removing Msgr. Samuel Ruiz from his post as bishop," declares layman Luis Badilla, a Radio Vatican expert on Latin American affairs, "and this article published in the Vatican newspaper is proof of that, since it contradicts what interested parties have been disseminating in Mexico for the last few weeks."

It is true, on the other hand, that a campaign has been launched by the social forces that are opposed to the recognition of the Indians' rights and of Ruiz himself. The goal is to denigrate and discredit the bishop in the eyes of both public opinion and his superiors to make his mediation impossible, said Badilla.

He indicated that the mass media have not said much, but to explain the Holy See's firm stance in the Chiapas drama, it is sufficient to quote the words uttered by the Pope in Quetzaltenango among the Mayans of Guatemala: "The Church is aware, my beloved ones, of the deprivation you endure, the injustices you suffer, the serious difficulties you face in defending your land, your rights, the frequent lack of respect for your customs and traditions," said the pope at that time.

Anti-Indian Aim in Chiapas Claimed

95CA0149A Mexico City LA JORNADA in Spanish 24 Feb 95

[Commentary by Luis Javier Garrido, member of the National Autonomous University of Mexico's Center for Social Research and the National Democratic Convention's National Council of Representatives: "The Siege of the Lacandon Forest"; received via Internet]

[FBIS Translated Text] The army is once again in the dock because of its unconstitutional operations in Chiapas and for violating the human rights of indigenous peasants.

1. Ernesto Zedillo's decision to send in the army against the Indians of Chiapas in a bid to make up for his own inability to meet the demands of the people and solve a social and economic problem, has succeeded only in further discrediting the Armed Forces, which must now subordinate themselves to the logistics of Jorge Tello (National Security) and Antonio Lozano (Office of the Attorney General of the Republic, PGR) and shoulder the mistakes of the technocrats.

2. The army operation in Chiapas represents first and foremost a violation of the constitutional order because Article 129 clearly provides that "in peacetime no military authority may exercise functions other than those specifically connected with military discipline," and as we know, Congress has not voted to declare war or a suspension of guarantees under the terms of Article 129. Thus, in obeying Zedillo's orders, the army has violated multiple provisions of the constitution; has abridged the right of assembly (Article 9), freedom of movement (Article 11), the inviolability of the home (Article 16), freedom of information (Article 6), and procedural guarantees (Article 19), by acting illegally as the Judicial Police, the Public Prosecutor's Office, and the Preventive Police (Article 21). But this is not all.

3. According to extensive, "perfectly documented" testimony, the army in Chiapas has bombed towns, killed civilians, practiced harassment and torture, and, given the threat that it represents, forced thousands of Chiapas residents to flee into the jungle in a dramatic exodus, thus violating the basic rights of Mexican citizens.

4. National sovereignty is not defended by violating the constitution, riding roughshod over municipal authorities, and murdering Indians, as Zedillo would claim. By asserting that with the military operation we were "regaining national sovereignty," he not only fooled no one but was speaking nonsense. Everyone knows that he is the head of a government that is altogether subordinate to foreign interests, as THE NEW YORK TIMES acknowledged in pointing out that in light of the most recent $20 billion loan, Mexico's economic policies would in the future be decided on in the United States (21 February). The EZLN [Zapatist Army of National Liberation], we must not forget, took up arms precisely to oppose this surrender of the country, arguing in accordance with Article 39 of the constitution that national sovereignty "resides essentially and originally in the people."

5. The siege of the Lacandon Forest has been going on for 12 days. Although the EZLN, out of intelligence and prudence, has not reacted, the civilian population is in grave danger, as Zedillo has driven it towards civil war. "We have never been part of the EZLN, but people are getting desperate now and saying 'if we can't take it anymore, we're going to join them,'" one Indian refugee told Jose Gil Olmos (LA JORNADA, 21 February).

6. The uneasiness among army officers over the way in which Zedillo has sent them in against indigenous peoples is unprecedented, and what is even more serious, they are not concealing it. Never before has a civilian government made the military look so ridiculous. Columnist Javier Ibarrola, an unofficial spokesman of the Armed Forces, said so twice in EL FINANCIERO. The commander in chief "erred" in deciding on the operation, he wrote, because "the PGR can endure one more black mark on its record; the army cannot" (15 February). And 10 days into the operation in which he acknowledged that "several military personnel" had died, he indicated that despite the many meetings between Zedillo and top army brass, "the dissimilarity of their language" became increasingly stark, inasmuch as the Executive Branch's orders, he underscored, were "neither sound nor consistent" (20 February).

7. In 12 weeks the Zedillo government has aggravated the problems of Chiapas and the country because of its authoritarianism and seesawing policies. Its most recent shift was the "bill for dialogue, reconciliation, and amnesty in Chiapas" (22 February), with which Zedillo,

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in another example of his indecisiveness, is seeking another pretext to continue using force, without regard for the risk of extermination, and this time with the backing of PRI and PAN [National Action Party] legislators. In a political negotiation, like the one that the EZLN and the government ought to enter into, the parties must agree on "ground rules" to negotiate freely. Here, however, the government is trying to impose on the Zapatists the conditions, the ground rules, and the substance of the negotiations and the so-called final accord, with its absurd amnesty.

8. The deteriorating situation shows that as far as the government is concerned the objective of the war was not just to kill the leaders of the CCRI [Clandestine Indian Revolutionary Committee] and Deputy Commander [subcomandante] Marcos and to decimate the Zapatists, but also to crush the Indians without regard for the risks of an extermination policy because they are superfluous in the neoliberal agenda. Salinas and Patrocinio sought to do away with them through famine, destitution, birth control, and abortion; Zedillo (taking orders from Cordoba and Salinas) is now being more straightforward.

9. The best image of what is happening in Chiapas is conveyed by two photographs, published in LA JORNADA, showing indigenous peasants fleeing from the army. The 19 February AP photo shows the townsfolk of Ibarra taking water from an underground river to their refuges; Angeles Torrejon's photo of 21 February shows some of the more than 6,000 Tzotzil and Tojolabal Indians escaping into the mountains: the consequences of the Zedillo policy.

10. The army can still leave Chiapas with dignity. The military command knows that this government is completely subordinate to outside forces and lacks a "national" course. It knows too that the EZLN movement is just and patriotic because it seeks only compliance with the constitution and, therefore, is altogether different from traditional guerrilla groups. It also realizes that killing leaders is no way to resolve a social problem, much less to put an end to a "grassroots movement," because the EZLN represents the majority of the indigenous peasant population, as all those who are being arrested are saying. And it realizes as well, of course, that if it persists along this path, it runs the risk of engaging in genocide and plunging the country into a civil war; that Mexico achieved its independence in 1821 when the army of the viceroyalty came to terms with the insurgents, and that the men in olive drab cannot possibly win a military victory because they are up against the people.

The army can still leave Chiapas and must do so for the good of Mexico.

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Nicaragua

President Asks Assembly To Renegotiate Reforms

PA0203194195 Managua BARRICADA in Spanish 1 Mar 95 p 2

[Report by Carlos Garcia Castillo]

[FBIS Translated Text] The National Assembly's Board of Directors last night agreed to create a new opportunity for negotiations with the executive branch, which has not acknowledged the validity of the constitutional reforms that the assembly released for publication by various news media.

National Assembly President Dr. Luis Humberto Guzman said that President Violeta Barrios has requested the formation of a new commission of deputies to renegotiate the implementation of the constitutional amendments: "Within the next few hours we are going to react to this request," Guzman said.

Meanwhile, Omar Cabezas, a Sandinist National Liberation Front [FSLN] deputy, said: "as we warned, we now have two constitutions, a war between branches of state, and a Supreme Court of Justice that is trying to brave the storm and is saying nothing; in other words, this is truly institutional chaos."

Cabezas said that because of this, the FSLN is blaming the UDC [Christian Democratic Union], the UNO [National Opposition Union], the pro-Ramirez group, and the government of fostering instability and a national crisis. He urged the branches of state to talk and "reach political agreements that will lead to a reasonable solution of the current crisis."

Meanwhile, Sandinist Deputy Nathan Sevilla announced that there are plans at the National Assembly to overthrow President Chamorro and to replace the Supreme Court justices.

During the National Assembly plenary, both Sevilla and Deputy Cabezas Lacayo spoke in favor of a prompt solution to the conflict between the branches of state through a broad national agreement.

Sevilla said that one of the first negative expressions of the conflict between the branches is the paralysis of the judicial branch, which has practically disappeared from the national scene.

A Referendum Is Requested

Meanwhile, four political parties spoke in favor of an immediate summons to a referendum to determine the people's opinion on the constitutional reforms, alleging that the political crisis cannot be resolved through agreements among political hierarchies.

Various political parties signed a joint communique in which they set forth their positions on the current crisis caused by the conflict between the branches of state. The parties included: the Nicaraguan Union of Laborers, Peasants, and Professionals [Unidad Nicaraguense de Obreros, Campesinos y Profesionales—UNOCP]; the Marxist-Leninist Popular Action Movement [MAP-ML]; the Movement of Revolutionary Unity [MUR], and the Revolutionary Workers Party [PRT].

According to the communique, the Supreme Court of Justice will not be able to resolve the political conflict resulting from the legislative and executive branches' opposing views regarding the reforms and, furthermore, according to a few of the justices, the Supreme Court cannot resolve a matter that is vitally important to Nicaragua's future.

The communique was signed by Rosalio Gonzalez Urbina for the UNOCP, Isidro Tellez for the MAP-ML, Pablo Hernandez for MUR, and Bonifacio Miranda for the PRT.

Panama

Acting Foreign Minister Welcomes U.S. Certification

PA0303023995 Panama City Circuito RPC Television in Spanish 2300 GMT 2 Mar 95

[Report by Vicenta Melania Herrera and Alexandra Ciniglio from the "RPC Television News" newscast]

[FBIS Translated Text] Panama's certification by the United States for its fight against drug trafficking has been confirmed. According to Acting Foreign Minister Omar Jaen, the certification is a confirmation of President Ernesto Perez Balladares' commitment to fight drug trafficking and money laundering.

[Begin Jaen recording] This is a proper recognition, and it pleases the Panamanian Government greatly. It is a justly deserved by our country and government because of the great efforts we are making to honor the commitment we have with, above all others, ourselves. [end recording]

Despite the certification, the Panamanian Government has not asked the U.S. Administration to request the approval of the Mutual Legal Assistance Treaty by the U.S. Senate.

Panama expects greater economic support for its fight against drugs now that it has been certified. The Panamanian Government contends this certification only recognizes the government of Ernesto Perez Balladares, even though the certification also covers the 1994 period when the government of Guillermo Endara was in power.

Meanwhile, the U.S. Government's recognition of Panama's efforts to fight drug trafficking has prompted various reactions. The U.S. decision to praise Panama for its efforts in fighting drug trafficking has surprised many people. While certifying Panama for its efforts

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against drug trafficking and money laundering, the United States said it has great confidence in Panama to the point that Robert Gelbard, assistant secretary of state for international narcotics matters, said: We have had excellent cooperation from the new Panamanian Government, and we are extremely pleased.

This is a good sign for some.

[Begin PRD legislator Alberto Aleman Boyd recording] The government of Dr. Ernesto Perez Balladares is committed to the fight against drug trafficking in our country. We also hope a program we gave the president, which also covers preventive and social aspects. [sentence as heard] [end recording]

Panama's image has improved with this certification.

[Begin PRD legislator Oyden Ortega recording] This recognition increases Panama's opportunities to get the world to see that Panama is fulfilling its obligations, and not only its obligations with the United States. [end recording]

The opposition, however, appears not to be very convinced of what is going on, because exactly one year ago the United States severely criticized Panama.

[Begin legislator Raymundo Hurtado Lay recording] The stimulus-response theory is one of the concepts that I think is being applied here. They are stimulating the government into giving up a few things, which in the next few days the people will find out what they are. [end recording]

Despite the flattery, the United States admits that Panama is the Latin American country in which cocaine is consumed the most. Regardless of the reasons the United States had in certifying the work done by Panama, it will undoubtedly help Panama obtain more financial and technical support for its fight against drug trafficking and money laundering.

U.S. Certification To Help Attract Investment

PA0203194095 Panama City Telemetro Television Network in Spanish 1730 GMT 2 Mar 95

[From the "Telemetro Reports" newscast]

[FBIS Translated Text] In the opinion of Panama's ambassador to Washington, the U.S. certification that Panama is keeping up its struggle against drug trafficking, will help attract foreign investment.

[Begin recording] [Ambassador Ricardo Arias] This certification, in general terms, is given to those countries that the United States believes have effective policies to combat drug trafficking and money laundering. It means that these are countries that are helping to eliminate this scourge. In general terms, this is very good for Panama's foreign investments, because investors feel much more at ease investing in countries that have this U.S. Government certification and recognition.

[Unidentified reporter] In other words, Mr. Ambassador, the Clinton administration will continue to back us in our struggle against drug trafficking?

[Arias] Yes, definitely; the U.S. Government and the Clinton administration thus recognize the work of the Perez Balladares administration and have consistently shown support to Panama, not only in this work, but in other activities.

[Reporter] What were the specific terms of reference used by the Clinton administration to approve the Panamanian Government's anti-drug policies?

[Arias] I believe that there are two main things: On the one hand, we have the effective and efficient work the PTJ [Judicial Technical Police] is carrying out under the direction of Dr. Gabriel Castro. Also taken into account, I may say, were statements by Ambassador Gelbard [title as heard] here in Washington, on the dismissal of certain prosecutors charged with corruption. Mainly, however, it is due to compliance with the recommendations made to the administration of Dr. Perez Balladares by the commission comprising private enterprise and the government, which was presided over by Mr. Raul Aleman and Mrs. Victoria Figge. The commission recommended creating, or first of all broadening, the obligation to report money transactions, not only by banks and customs offices, but by financial institutions and other types of enterprises that handle money, and the creation of a specialized technical unit tasked with the responsibility of collecting all the information from banks, customs offices, and the free zone, connected with money laundering. [end recording]

Perez Balladares Opens Assembly Session

PA0303010495 Panama City Radio and Television Networks in Spanish 2106 GMT 1 Mar 95

[Speech by President Ernesto Perez Balladares opening the second period of the first ordinary session of the National Assembly at the Legislative Palace in Panama City—live]

[FBIS Translated Text] Honorable Legislator Balbina Herrera Arauz, president of the Legislative Assembly; Honorable Mr. Arturo Hoyos, president of the Supreme Court of Justice; Honorable Legislators; Your Excellencies Ministers of State; Your Excellencies Messrs. Ambassadors and directors of international organizations; special guests; ladies and gentlemen, fellow Panamanian citizens.

Six months ago, when I was sworn in as president of the Republic, I invoked God's protection so He would guide me in my presidential duties and help me become fully acquainted with national problems, so that, every day, I would become more and more identified with the hopes and needs of the most humble and thus would not deviate from the purpose of ruling for all the Panamanians.

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Today I can state before you, Honorable Legislators, and the public, that I have not deviated a single moment from those goals. From the very first day I announced that our goal was the solution to problems that affect most of the people, and I was aware that the solution involved achieving a unity and consensus of the main political, social, and economic groups of the Republic. At this point we can assert that we have achieved an important level of consensus and understanding on a common program, adding important social elements to our government endeavors.

I appear before you this afternoon to say I am encouraged by an increasing and sustained confidence in our country's future. I continue to have an optimistic and positive vision of Panama's destiny, and I am sure we are on the road toward the achievement of the important goals of progress and well-being of the Panamanian people.

This confidence is not the result of illusory speculation. It is a firm feeling based on a work program, the magnificent outlook for Panama, and the certainty about the government's capability and competence.

I reassert that consensus, dialogue, and consultations have been and will continue to be the keys to a national understanding that enables all Panamanians to set aside personal and political interests, no matter how legitimate they may be, and join this great enterprise for national progress.

We have worked long and hard these past six months, and we can show a large number of valuable projects and achievements although the time employed has been brief and despite the complexity of the problems with which we have dealt. There is no magic formula to solve the country's problems overnight, considering they concern topics such as unemployment, deficiencies of the education system, shortcomings and structural flaws of the economy, low productivity, deteriorated public services, and others similar in scope.

Within the difficult situation, stemming from the shortage of economic resources and institutional vacuums, you and I have been devoted during these past six months to a tireless task, working full time, holding talks with all the country's groups and social sectors, and visiting the entire country in the search for solutions and support for what we believe is the right policy to move the country forward.

We stated on another occasion that consensus is not an alliance to do nothing, let alone a collusion to become rich under the shadow of the government. We have tried to structure consensus around Panama's vital problems. Consensus is an invitation to work so the country can have a truly efficient and modern policy on education, to work to fight poverty, to generate jobs, to design a social health policy in line with the aspirations and needs of the poorest, a policy viable and efficient at the same time. We require a consensus in order to promote a dynamic foreign investment policy after we make the economic reforms that would allow Panama to enter the scenario of major markets.

Thanks to the good outlook of our economy, we were invited recently to join the countries of the Andean Group, a subregional association comprised by five countries and a market of over 100 million people. We must join efforts at the same time to face the foreign debt problem, a commitment of the state which we cannot ignore. The major challenges are the advantageous and profitable utilization of the resources of the Panama Canal and the reverted areas. On this topic, we have proposed a policy of national interest by incorporating the use of these valuable areas and resources as part of the national development program. The recently approved Interoceanic Region Authority Law seeks to provide greater efficiency, flexibility, and coherence to that public organization, while at the same time we incorporate it into the national economic development program and the assets of the Panamanian nation. It is obvious the government's main task up to now has been to make an effort and devote its time to produce a consensus to approve laws that will modernize the state by improving public services and privatizing state enterprises.

We have dedicated equal efforts to a lengthy task of dialogue and communication with management and labor sectors with a view to adopting common and concerted policies for modernizing Panama's economy. The recently approved reforms to the Fiscal Code make the public contracting process more open by applying a more specific set of criterion when awarding contracts. These reforms provide for a prior qualification and registration of bidders, which will provide the state with more precise information regarding the technical, administrative, and financial capability of bidders. These fiscal reforms also update the concept of administrative concessions for public works, thus ensuring the bidding proceedings will be consistent with these types of works.

The reorganization of the IRHE [Institute of Hydraulic Resources and Electrification] and the privatization of Intel [National Institute of Telecommunications] constitute major achievements in improving public services. The new Intel scheme incorporates private investments and administrative efficiency. Intel requires urgent and huge investments so this telecommunications organization will be able to effectively take advantage of the technological accomplishments in this field. Private investments, which are now quite attractive, facilitate this process.

The access to new technologies and an efficient operation will lead Intel to not only expand its areas of coverage and services but will also make them available to users at rates cheaper than the current ones.

Meanwhile, the reorganization of IRHE is based on the same objectives. The high costs of energy in Panama

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burden industries and businesses alike, not to mention individuals, adversely affecting their operating costs, which in turn adversely affect consumer price indexes. These high costs of home energy which IRHE generates and distributes also burden family budgets. Our government is improving public services by increasing their administrative efficiency, updating their technology, and attracting the participation of private investments in an effort to offer users better service at a lower cost.

Regarding the treatment of economic policies, my government has analyzed the country's economic reality before devising the guidelines and policies that will allow us to steer it to higher levels of competitiveness and efficiency. We have devised a plan of public policies for social development with economic efficiency.

The draft bill on the generalization [universalizacion] of tax incentives for production is but one of the most significant and meaningful measures my government has taken regarding the initiatives we have adopted and will adopt in the future to make the Panamanian economy attractive to investments, thus making them more profitable. This draft bill encourages efficiency in production and gives local industries better conditions to participate in an international market, which, as we all know, is highly competitive.

We must clearly understand that our local market is too small and that if we confine ourselves within its boundaries, investments will grow only at the same rate population growths, a rate which is insufficient to create the jobs Panama is demanding. The law on the generalization of tax incentives is a positive measure, and, believe me, it was not devised to bother certain local industrial sectors or to adversely affect their interests. This law seeks to make Panamanian industries invest more in order to make them more efficient and, therefore, make them more competitive. The law on the generalization of tax incentives seeks a larger tax parity and the emergence of more rational conditions for productive investments. Through the elimination of certain distortions, we are trying to direct greater efficiency to the productive resources, which will then boost the country's exporting potential.

Another accomplishment about which we must feel very satisfied is the bill on the defense of competition, which recognizes free competition as a vital tool to encourage economic efficiency, to generate jobs, and to reduce the cost of living. Through this bill, monopolistic practices are fought, preventing the collusion of interest groups in setting excessive prices on essential products.

We have also announced reforms to the Labor Code. For what purpose? To antagonize the labor sectors? To please businessmen? No, gentlemen. A greater harmony between labor and capital is being sought with the objective of improving the climate of relations between the labor and management sectors and making those relations more fluid and effective.

The government has spent long hours talking with workers, seeking a consensus to update certain provisions of the labor laws so as to reduce costs for the Panamanian economy without deteriorating the working conditions and achievements of the Panamanian workers; this will bring about better real wages and greater productivity at the same time.

These measures are consistent with the policy of expanding investment markets and creating jobs. In essence, the policy to modernize and restructure the national economy and state services seeks to reduce the costs of the government and the Panamanian economic machinery with the objective of strengthening and boosting the economy's competitiveness, making it more attractive to both national and foreign investments and creating jobs.

We offer the country a coherent and concerted government policy in which the involved parties will unite to solve social and economic problems by reforming and modernizing the economy, its structure, and productive machinery. The other option is the status quo, to do nothing, to continue as we are. I am convinced that option would lead us to failure as a nation, because there is no possible solution on that path to such complex and difficult problems as those brought by new situations, areas of competition, globalization, and participation in the processes of regionalization of markets.

The government's contribution has been important in the social policy with a view to reducing the rigors of poverty and social inequality in Panama in the short term. The government, along with international organizations, began the implementation of projects that directly channel funds to lower income sectors. Those projects are aimed at creating jobs, developing basic infrastructures, and improving the levels of health, education, and housing.

The government's priority objectives in dealing with the social problems are at the center of our economic policy. We are complementing the economic policy with actions to reduce the worrisome levels of poverty and social inequality in the short term in Panama. We have implemented partly with World Bank financing an approximately $40-million program to improve the environment and nutrition with a view to reducing the malnourishment of mothers and infants in the 28 districts of the highest poverty in the Republic and expanding and improving water systems and sanitation infrastructure in rural areas.

The Social Emergency Fund includes a $30-million investment donated by the IDB [Inter-American Development Bank] and earmarked to improve and implement various infrastructure projects and to give training, financing, and technical advice to small enterprises.

The construction of the Panama-Colon Highway and the Northern Corridor are already under way. These two projects will meet a public need, a solution for which

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Panamanians have been waiting for a long time. The construction of these major projects was granted through public biddings. These works will be carried out through the system of administrative concessions. Thanks to this system, the state does not need to compromise its limited resources in such costly works.

The government and the Republic were able to inspire trust to Mexican investors, who will foot the bill for this work: $328 million. This partnership model is an interesting one which we believe could be used in other projects that are comparable or similar to the Transisthmian Highway and the Northern Corridor, both of which are public infrastructures with a social and economic value.

In international relations, the country has substantially changed the direction of its foreign relations, which have gained new impetus during a brief period and have projected a new image, more audacious and aggressive. Concerning our relations with the United States, Panama has moved from antagonism and confrontation to a relation of mutual respect, cordiality, and harmony, all of which are basic elements for working together.

The Panama Canal Treaties have already become what their proponents sought them to be: an instrument of cooperation for the operation of the Canal. The treaties are expeditious, dynamic, and constantly active. On 31 December 1999, they will allow the dreams of so many generations of Panamanians to become a reality. Panamanians will have a free Panama and will be able to manage the Canal with a sense of responsibility and patriotism so that it will not only be a good source of profits for the nation but will also continue to contribute to world navigation. This will be possible through our experience and wisdom.

I must emphasize the significance of the role played by the Legislative Assembly in everything related to our government efforts. I would not be exaggerating if I say that without your valuable collaboration, members of this assembly, it would have been difficult, almost impossible, to present the people with what I do not hesitate to describe as a significant government negotiation.

The assembly has been providing proof of its intense and persevering work, but it is also demonstrating it is an organization capable of enriching legislative initiatives with its timely contributions. The recently concluded special sessions constitute a case in point of what I just said.

Today, as we inaugurate the new period of sessions of this assembly, I want to congratulate its honorable members and all other officials on their work so they will continue to properly fulfill their delicate responsibilities for the benefit and well-being of all Panamanians. Many thanks. [applause]

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Argentina

Menem: People 'Would Not Bear' Peso Devaluation

PY0303020895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2109 GMT 2 Mar 95

[FBIS Translated Excerpt] Buenos Aires, 28 Feb (NA) [date as received]—President Carlos Menem today said "the people would not (repeat, not) bear" a peso devaluation. Therefore, they "will be protected by the government, whatever the cost."

Menem described as "doomsayers" those who are warning of an imminent economic crisis, and confirmed that he would not devalue the currency, emphasizing that the exporters who want this measure "are powerful and can bear" the situation.

The president asked the population "to continue to have confidence" in his administration because "he would not let them down." He asked the export sectors "to reduce their costs and increase their level of excellence in order to compete and realize profits."

Menem also denied that the budget adjustment would affect the payments to volunteers who join the military service, as "220 million pesos" have been earmarked for this goal "so that never again will there be any compulsory miiitary service in our country."

The president made these remarks in the beach cities of Mar de Ajo and Santa Teresita, where he and Buenos Aires Governor Eduardo Duhalde went to dedicate a bus terminal and a gas network.

Menem said: "When people come with the story that it is necessary to devalue in order to export, I flatly tell them no. Exporters can bear it because they are powerful, but the people who have a small amount in savings cannot bear it." [passage omitted]

Economy Secretary Admits 'Crisis of Confidence'

PY0303035295 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2322 GMT 2 Mar 95

[FBIS Translated Text] Buenos Aires, 3 Mar (NA)—Economic Programming Secretary Juan Llach admitted today that the economic plan is going through "a crisis of confidence," adding that the government "is willing to do everything necessary, except to devalue," to reverse the situation.

The secretary told reporters accredited to the Finance Ministry that no new measures "are being anticipated."

Llach emphasized that "at this moment nothing is being prepared, no new measures are being studied," stressing that with the recent adjustment and tax measures, the government showed that "it is ready to do everything necessary to restore confidence."

Llach said that "we are not facing a case that affects only Argentina," suggesting that the crisis of confidence affects all Latin American emerging markets.

Asked if this lack of confidence could also have local causes, Llach said he could not rule out "the possible existence of internal factors."

Llach stressed that "the general attitude at this time is one of mistrust with respect to our country and other important countries in the region, but we think an understanding of the full impact of the fiscal measures might help reverse" the crisis.

"Evidently we are facing a crisis of confidence, but what is important is that with these measures, the government has shown that it is willing to do absolutely everything necessary, except to devalue" to restore confidence in the market.

Llach explained that the government is determined "to achieve fiscal solvency," which he considered as "the most important sign, and we hope the market will understand this at some point."

"Argentina has sent very strong signs in this direction, not only now, but for a long time. We are fully committed to the recovery of the state's credit-worthiness," the official said.

Llach said: "This is a value we must preserve, above partisan politics, just as President (Nicolas) Avellaneda said in 1885."

Llach confirmed that the government "will take all necessary steps to make markets understand that it will use all instruments, except for devaluation, to maintain the fiscal balance and public credit-worthiness."

Llach said markets will react favorably "when the effects of the measures start to show in March's fiscal account figures, and I am not talking about estimates."

He made clear that the government "is not underestimating market attitudes or blaming it for the situation, but perhaps agents are waiting to see a stronger reaction" to the measures announced on 27 February.

Llach said "this will help restore and recover the confidence that we obviously do not have today," adding that the government "believes the figures will show" that the recent cuts in public spending will end up having good results.

Llach added that the government "has always anticipated" that the IMF would carry out "a reinforced supervision" and that we would have an audit from that organization.

The secretary ruled out the possibility of new disbursements, saying that "they are not being anticipated."

Llach emphasized that "at this time the government is not preparing or anticipating any new economic measures," stressing that with the recent adjustment and tax

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measures, the government showed that "it is ready to do everything necessary to restore confidence."

Finance Secretary Expresses Hope Spending Curbs Transitory

PY0303014895 Buenos Aires TELAM in Spanish 1408 GMT 1 Mar 95

[FBIS Translated Text] Buenos Aires, 1 Mar (TELAM-SEM)—On 1 March, Finance Secretary Ricardo Gutierrez stated that the curbs on spending will stand until budget targets are met. He called upon Argentines to exercise patriotism to help the government meet these targets.

In remarks made to Radio 9.90, Gutierrez said: "Those who heard and interpreted the announcement while inspired by a sense of patriotism and knowledge of reality know that there was no other way out."

Gutierrez added: "We hope these measures will be in effect only for a few months—only until government revenues meet the target established in the 1995 budget."

Gutierrez pointed out that "this is not the first time" Argentina has gone through a bad period with regard to its finances. He nonetheless recalled that "in the past" the government resorted to "a devaluation," which "was a way to collect money from the Argentine people," adding that this was a course of action which, "following the crisis of hyperinflation, we learned not to follow."

Gutierrez further stated: "What is unprecedented is the solution President (Carlos) Menem came up with to help us out of this predicament, which entails putting our house in order instead of resorting to the erroneous practice of printing money."

The finance secretary added: "This shows the courage of the government at a time when elections are only three months away, and proves to Argentines that the government will do whatever is necessary so as not to lose what we have achieved thus far" in terms of stability and growth.

He went on to say that these measures "will undoubtedly be hard on the pockets of many, which is something that hurts, but there was no other way to tackle the problem at this difficult juncture in the country's fiscal and financial position. There was really no other way out; this is why we appealed to people's patriotic feelings."

Stock Exchange Head Notes 'Crisis,' Says 'Not To Panic'

PY0303024895 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2102 GMT 2 Mar 95

[FBIS Translated Text] Buenos Aires, 2 Mar (NA)—Stock exchange President Julio Macchi today asked investors "not to panic," but admitted that the crisis affecting the stock exchange market has been caused by a significant "departure of capital" during the past few months.

For the first time, Macchi plainly and simply said the market is experiencing "a crisis." He emphasized that this has been proven by the cost of money in financial circles and by the depressed stock prices.

Macchi even admitted that the Buenos Aires [financial] city [preceding word in English] is a virtual swarm. Nevertheless, he said: "Most rumors are completely groundless, and merely contribute to making the atmosphere worse."

The stock exchange president believes the new market's abrupt fall (7.56 percent for the Merval index [blue-chip stocks]) has been caused by "the domestic financial crisis and by the current international crisis."

Macchi also admitted that many brokers have to make "forced sales" because the situation "is creating a constantly growing microclimate that is gradually causing increased lows."

The call money [preceding two words in English] rates today skyrocketed, reaching a 53-percent-per-year ceiling. Macchi admitted that this rise has been caused by the "withdrawal of funds following the Mexican crisis."

Macchi also indicated that, due to the strong lack of liquidity in the domestic market, "many people who have to meet obligations within the next few days secure their funds in advance," referring to the sale of stock assets.

Nevertheless, Macchi ruled out the possibility of investors selling securities to route their money to the financial market, thereby profiting from the high interest rates being offered by the banking circles.

In remarks to a radio station, Macchi explained: "Quite the contrary; I believe there are brokers who sell their stocks to meet their financial requirements, keeping an eye on the lack of liquidity. Therefore, they reduce their prices until they find a buyer."

Macchi said the brokers are no longer worried about the percentage of a stock exchange fall, but about "the non-reversal of the negative trend."

Macchi emphasized: "We advise investors not to panic, and to act calmly at this difficult moment because this is the only way to overcome this crisis and emerge strengthened."

Nevertheless, Macchi admitted that, if the financial rates continue to rise, a recessive process will begin. He expressed hope, however, that "this situation will be reversed as of next week."

Macchi ruled out the possibility that the pre-electoral setting and the package of measures announced on 27

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February by the government would have a negative impact on market behavior.

With regard to the new economic adjustment, Macchi emphasized: "I believe there are times when, even if one would like to take things positively, circumstances prevent it."

Nevertheless, Macchi emphasized: "There was no harsh criticism, not even from the opposition." He admitted, however, that many economists "complained over the delay in taking these measures, or the intensity of some of them."

Joint Staff Chief Criticizes Military Salary Cut

PY0303035895 Buenos Aires CLARIN in Spanish 2 Mar 95 p 14

[FBIS Translated Text] General Mario Candido Diaz, chief of the Joint Staff, yesterday complained about the reduction of salaries of personnel of the public administration—which affects the military—announced on 27 February by Economy Minister Domingo Cavallo.

Diaz said that he agrees with the idea of reducing salaries—until things get better—if the country is facing a difficult situation. Yet, he considered it "unfair" to also apply the salary reduction to military personnel.

Diaz said: "Unlike other public administration servants, Armed Forces personnel did not have any salary readjustment in 1994. If we were not considered for a salary increase then, it seems unfair for us to be considered now for a salary reduction."

Military officers consider it unfair that the two add-on payments included in their salary, which are not taken into account for retirement or for their Christmas bonus, are now being taken into account for the reduction of salaries that will affect 600 high-ranking officers (Army generals and colonels and their counterparts in the other two forces).

Furthermore, the decree ordering the salary reduction raises some paradoxical situations. While the generals will take a pay cut of 27 pesos (they earn 3,000 pesos monthly), colonels will have their pay cut by 180 pesos, because they will suffer a 5 percent reduction of their total monthly salary of 2,800 pesos.

Meanwhile, the deployment of military observers to the Peruvian-Ecuadoran conflict zone is dependent upon the Foreign Ministry decision to pay a per diem of $209 per each full day. Foreign Minister Guido Di Tella's aides want to pay only 25 percent of this amount; that is, a little more than $50 per day, as it is done with members of peacekeeping forces.

The militiary officers said: "Foreign Ministry officials do not take into account that in Croatia or Cyprus, a peacekeeper is entitled to lodging, food, and medical assistance provided by the United Nations. The deployment of observers to the Peruvian-Ecuadoran conflict area is not sponsored by the United Nations, and the observers would have to depend on either of the two contending countries to survive, which would be unacceptable."

In the meantime, 14 officers of the three forces and 30 National Police members who were scheduled to leave for Croatia and Cyprus this month are still in the country because the Foreign Ministry has not supplied the funds for their travel. This situation contradicts the government's political deicision to participate in peacekeeping missions and with Defense Minister Oscar Camilion's announcement of the creation of a training center for peacekeeping forces at Campo de Mayo to take advantage of the experience acquired by Argentine military personnel.

Commentary Views Slow 'Surmounting' of Mexican Crisis

PY0203162695 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1808 GMT 1 Mar 95

[Commentary by Daniel Naszewski]

[FBIS Translated Text] Buenos Aires, 1 Mar (NA)—Argentina is slowly, albeit with difficulty, surmounting the economic crisis unleashed by Mexico last 20 December. The exchange and inflationary spiral triggered in Mexico at the end of 1994 could not have been free of cost for the rest of the countries in the region. Its greatest impact has been in increasing the withdrawal of capital from the region to critical levels. This is incontestable, although it must be pointed out that a trend toward outflow of capital from Latin America had already set in, due to the tight monetary policy Alan Greenspan began to implement in the United States as of 4 February 1994.

What happened in Mexico thus only worsened a fact that was already present in the international economic environment, namely the tendency toward withdrawing part of the highly exposed international financial capital from the so-called emerging markets. To cap it all, the failure of the Baring Brothers has just contributed its share to the series of strong disturbances that are hitting this "interconnected little world" that our planet has become. The Mexican crisis in Latin America, the problems caused in Southeast Asia by the mysterious Baring Brothers trader, and the difficulties confronting Europe due to the still unsettled crumbling of the Soviet Union are all examples of how national economies have reached unheard of levels of interdependence, which is difficult to handle in view of the little experience we have in managing this global village.

As far as Argentina is concerned, the first consequence of the Mexican crisis is the aforementioned outflow of capital from the region. The second is the slump in the price of shares and government bonds. These triggered the impoverishment of sectors having a high purchasing power, something which will not be easy to overcome.

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The third consequence is the difficulty in meeting the needs for domestic and external financing foreseen for 1995 in this year's budget. These needs have become more pressing in light of the over-optimistic tax revenue estimates. All this prompted [Economy Minister] Domingo Cavallo's team to spearhead a new attack this week to end the fiscal deficit, which experts had already forecast last year, and which has deteriorated over the last few months due to dismal tax collections. If the Economy Ministry is successful in its endeavors, it will save 2 billion pesos thanks to the curbs on spending announced, and may obtain some 2.5 billion pesos in additional revenues through the tax deferral and the other fiscal measures announced on 27 February.

The last consequence has to do with the exchange and monetary area. We are now in a position to assert that convertibility, together with the measures to further dollarize the economy announced immediately after the devaluation of the Mexican peso, are beginning to yield fruit. The Menem-Cavallo duo dispelled the fear of a devaluation of the Argentine peso through their firm resoluteness in not embarking upon that path, and their ability to transmit their feeling of security to the whole of society. Following this, fear appeared under a new guise, namely a possible run on banks, which only occurred in a localized manner, hitting financial establishments that were either not well known or had long been racked with problems. There were also some comings and goings among savers, who swiftly changed their deposits in pesos into deposits in dollars from one bank to another. Last, private investors withdrew their funds from the financial system to put them into their pockets first, and to then send them abroad. The true extent of the flight of capital is impossible to quantify due to the fact that seasonal problems and the financial handling of some government agencies like Anses [National Social Security Administration] hamper this calculation. The truth is, however, that over the last few months there has indeed been a decline in deposits in pesos—which in global terms is not in the least worrisome—a stagnation in deposits in foreign currency, and a drop in international reserves.

Despite this, the latest available figures show that this dreaded flight of capital is coming to an end, and that its magnitude was not as significant as was feared at the beginning. In fact, the decline in foreign reserves over these last two months has amounted to some $2 billion, which is not a negligible sum, but it is not an awful lot, either, if one bears in mind that when the Mexican crisis erupted it was feared that a domino effect would engulf Argentina and the whole of Latin America. International reserves in gold and foreign currency total at present approximately $13.6 billion. Still, the massive loss of reserves seems to have eased off. In fact, foreign reserves already added up to $13.7 billion a month ago.

There is no denying the fact that the Mexican debacle has had an impact on Argentina, bringing about an outflow of capital, an increase in interest rates, recessive symptoms, and financing problems for the public sector. And yet, now that two and a half months have elapsed since the outburst of the Mexican crisis, it is possible to assert that the worst of the storm might be now over, as long as some event does not come along to complicate things once again in this interdependent world.

Chile

Politicians Criticize Remarks of Peru's Fujimori

PY0303031895 Madrid EFE in Spanish 2240 GMT 2 Mar 95

[FBIS Translated Text] Santiago, 2 Mar (EFE)—Congressmen from all the Chilean political parties today criticized the statements made by Peruvian President Alberto Fujimori, who bragged about the war equipment bought by Peru in preparation for a possible war against Chile that never materialized.

During an interview transmitted on Uruguayan television, Fujimori said that "there is no other army in Latin America with as many tanks, supersonic planes, Russian planes, and all kinds of missiles" purchased by the past Peruvian military regime when "it was thought that we could engage in war with Chile."

Relations between Chile and Peru deteriorated in 1979 on the occasion of the 100th anniversary of the Pacific War in which both Peru and Bolivia lost territories during a war against Chile.

A Chilean Defense Ministry official said that, although it is not appropriate to interpret his words, the current reality has nothing to do with the declaration of having great power [grandes poderios]." [no opening quotation marks as received]

In turn, Senator Beltran Urenda from the Democratic Independent Union, president of the Senate Foreign Affairs Committee, labeled Fujimori's statements as "regrettable, but they must not be given much importance because besides being president, he is speaking as a presidential candidate, and inconvenient things are sometimes said during campaign times."

Christian Democrat Senator Arturo Frei, president of the Senate Defense Committee, said that Fujimori's statements were "extraordinarily serious, although very outmoded, and they do not reflect the feelings of the Latin American Armed Forces, which are currently seeking integration."

Senator Sergio Romero from the National Renewal Party, the main Chilean rightist party, said that Fujimori's words "are extremely serious, and demonstrate the craving for revenge of some Peruvian sectors."

He added that with those statements, the Peruvian president attempted to justify the arms race in which his country has been engaged.

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When interviewed by the local media, Defense Ministry Under Secretary Jorge Burgos said that "his statements apparently refer to things of the past. He referred to military power. However, it is not appropriate for this ministry to label or interpret his words. Our Foreign Ministry possibly has something to say about this—if it is worthwhile."

Burgos said that "we are permanently concerned with the readiness of our Armed Forces, but we understand that the current reality has nothing to do with statements about great power."

Colombia

Cali Prosecutor Tells of Trafficker Influence

95WD0192Z Santa Fe de Bogota CAMBIO 16 in Spanish 6 Feb 95 pp 15-17

[Article by Maria Cristina Caballero: "The Cartel is Besieging Me"; first paragraph is CAMBIO 16 introduction]

[FBIS Translated Text] While criticisms pour in from the United States, the Cali prosecutors are being harassed by the cartel leaders.

Many attempts have been made against him. But, he says, none has managed to penetrate his shell. Guillermo Munoz Paladines, Cali's regional prosecutor—a local man 58 years old, who is now in charge of 4,272 cases of drug trafficking, terrorism, and arms trafficking—says that the more bribery attempts and threats he receives, the less he is inclined to give in.

Raising an eyebrow, he says that the Rodriguez Orejuela brothers have sent him messages suggesting clandestine meetings. They have also tried to bribe him by offering him hundreds of millions of pesos. "They need to be told that not everyone is afraid of them."

The prosecutor—who about 50 years ago dreamed of becoming an attorney to fight criminals—recounts one of the latest attempts made against him. "Someone called to say that he had things to tell me about the Prosecutor's Office. I arrived very late at the meeting where we were to talk, and I met this man for drinks. He approached me and started to tell me absurd things. I thought he was drunk. But the next day he repeated that a group of attorneys for the Cali cartel were very interested in having me act within certain parameters..."

That man—an old acquaintance—insisted that he would never have to violate any legal parameters; they were not going to force him into any acts of preclusion; everything would be legal, but some cases could always be more important than others; some could be pursued more actively than others.

That emissary asked him to "wear the other team's uniform... He repeated to me; those guys are very wealthy. You can ask them for however much you want. I answered him: tell them I was appointed to this job because people know I am an honest man." But, instead of leaving, they offered 100 million pesos.

Some prosecutors have decided to leave the regional office, not only because of these external pressures, but also because of the excessive workload. Every prosecutor here handles an average of 251 cases, many of them involving money laundering and illicit enrichment. "The means they use the most are exchange firms. Investigations are being conducted of establishments like the Internacional de Cambios [International Exchange]; that case number is 8242."

They say it is no longer news that minutes after an indictment is signed, they receive a call telling them that they know where their wife works and where their children go to school. "It is so frequent that we have gotten used to it." Victor Marmolejo, sectional director of the Prosecutor's Office, received a death threat last week.

Munoz—who admits that he was a revolutionary student at Cauca University who fought to overthrow Rojas Pinilla and spent 48 days in jail for spreading "subversive" propaganda—says that the great thing about his job is that no one begrudges him the job. His bodyguards have found cars following him. He frequently has to redesign his security strategy. "It is not even possible to trust old friends. They invite you to meetings and then introduce strangers who talk and talk about cases against somebody or other. I tell them they can go to the public office to file their petitions and pursue their cases through legal channels. It is the drug traffic that has corrupted and desensitized the nation. Last week six people who had disappeared were found dead in the Cauca River, without heads or arms."

Munoz has earned the respect of his colleagues, but he has lost his serenity: he has had to move and almost isolate himself to avoid pressures. This former circuit judge, former magistrate of Popayan and former Sena [National Apprenticeship Service] manager knows that above all, he must remain in control. "The fight with the Cali cartel can not be won in a head-on clash. We have to use our brains." Pensively, he admits that cases against the Cali cartel that stay in the regional office—six more have been transferred to Bogota—move very slowly. "Those people are very clever. They do not leave many traces. The United States could really help us. That is where the cartels conduct their business. Unfortunately, cooperation with the United States has been very distant."

In response to criticisms he takes a deep breath and adds: "I do not know what type of fight they want. The government's battle against the drug traffic is based on the application of law. In the penal field proof is needed. I can not put someone in jail just because I want to. They talk, argue, and claim we have no true determination to fight the drug traffickers. But our tools are to prove that a man is a drug trafficker. Until that has been proven, no

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matter what the United States or the entire world says, we can not put him in jail."

He is indignant that regional judges specialize in giving people minimum penalties: "How can we give a minimum penalty to people who are poisoning the world!" Risks abound in this effort. Often people who have made statements without their name being revealed later disappear. "A desperate man comes in and makes a statement. Later we learn that he has been disappeared. I know of over 50 such cases." He spoke of a campesina whose son was killed. The investigation had begun well and they had evidence against the murderer, when the victim's mother came in weeping, begging us to stop the investigation because they were going to kill her other children. Munoz says that deaths in the regional division are almost entirely the result of the drug trafficking business.

Day after day he witnesses dramatic cases. Not only tranquility, but also privacy is for Gomez Paladines past history. "All the telephones in the Prosecutor's Office are tapped. They pay extra salaries to telephone company employees."

Smiling and ironic, he repeats that the best thing about his job is that no one is trying to get it. He claims to be optimistic. "We should not lose hope. I know that my life is in danger. But I am ready to lose it (to give my life) in this effort."

Criminal Complaints Against Five Arbitrary Judges

Some criminal cases creep along. Despite the efforts made to conduct investigations and to arrest people presumed to be involved in drug trafficking activities, irregularities abound, along with "absurd actions committed by judicial officials who repeatedly undo what others are doing."

Directors of the Superior Court of Cali, the Cali Attorney General's Office for criminal matters, and the Cali Regional Prosecutor's Office are alarmed by the "arbitrary and disconcerting way in which some municipal criminal judges in Cali handle *habeas corpus* petitions brought before them by prisoners being held by this jurisdiction for violations of the National Drug Statute."

Cali's regional prosecutor, Miguel Antonio Munoz Paladines, has filed criminal complaints for "prevarication by action" against five judges who responded affirmatively to petitions of *habeas corpus*—which is supposedly applicable in cases of unjustified imprisonment—that were considered "irregular."

The cases?

Fourth Municipal Judge of Cali, Nelly Mendoza Garcia

(Case number in the regional office: 4974).

"On 4 March 1993 at the San Joaquin or La Ceiba ranch, El Cerrito, Valle jurisdiction, 2,875 pounds of cocaine base were seized. Carlos Humberto Tascon Aguirre, Jorge Ivan Giraldo Rios, Oscar Marino Garcia Pena, and Javier Trujillo Cuartas were arrested. On 26 April 1994 an indictment was issued against the above mentioned persons... Inexplicably, after that they were released," reports the prosecutor.

Municipal Criminal Judge no 24 of Cali, Lucinio Mora

(Case number in the regional office: 7641). On 2 June 1994 in Guacari at "La Esperanza" ranch on a landing strip located at this property, a small plane arrived carrying 113 kilos of cocaine. It was seized by units of the Palace de Buga (V) battalion. Alonso de Jesus Idarraga and Leonardo Mejia Rodriguez were arrested. An indictment was filed against them on 15 December 1994 for violation of Law 30 of 1986.

On 17 January of this year municipal judge 24 issued a writ of *habeas corpus*, finding that "the arrest of these prisoners was conducted in violation of the legal protections, as the provisions of Article 343 of the Criminal Procedures Code were violated..."

Munoz Paladines also cites a new irregularity which occurred in the prison of the Judicial District of Cali, involving Fernando Lopera Ramirez, who was being held in the Cali jail. A number of criminal investigations are in progress in this regional office.

One investigation was already in the trial phase when a regional judge ordered the prisoner's release, which the director of the jail carried out on 30 January of this year, ignoring the fact that he had been officially informed of the issue of a preventive detention order for a case that a regional judge was investigating—memo no 8781 of 16 June 1994.

He overlooked the fact that a representative of the Prosecutor's Office to the National Tribunal had sent a message officially confirming the preventive detention that had been appealed—telegram no 0164 of 26 January 1995...

Munoz asked the director of INPEC [National Penitentiary Institute], Colonel Norberto Pelaez Restrepo, to conduct an "appropriate investigation in order to punish the persons responsible for such a grave and discouraging occurrence."

Ecuador

Duran-Ballen Blames War on Peru's Fujimori

PA0303011395 Quito Radio Network in Spanish 2331 GMT 2 Mar 95

[Statement by President Sixto Duran-Ballen at the Officers Club at Marshal Sucre Airport in Quito—live relay]

[FBIS Translated Text] I want to say that I have seldom felt so satisfied to be back on Ecuadoran soil as on this

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occasion. I consider our trip to Peru... [pauses] to Uruguay [laughter] to have been timely, and it provided a good opportunity to meet with practically all of the Latin American countries represented there, in some cases with their presidents, and in others, with members of their cabinets or their ambassadors.

This gave special significance to the parallel meeting held among the foreign ministers of the four guarantor countries and the two countries. Given Uruguay's hospitality, the world's eyes were turned there. No longer was it a matter of unilateral declarations. This was not a document signed more or less reluctantly by the two countries and the four guarantor countries. It involved a ceremony that took place in front of the entire hemisphere and—why not say it?—before the entire world, and, therefore, the parties have a greater obligation to respect what has been signed. We had honored the two previous commitments, as we have stated, since the first document was agreed upon on 30 January. Although it was accepted by Peru, it was not implemented because that country failed to establish the hour in which it agreed to implement the cease-fire.

There has been a delay of five long weeks of a sterile, useless, absurd, and senseless war that was not provoked by Ecuador. It is curious that, just yesterday, the Peruvian President admitted before other media—including yours—that this has been an absurd war. Then why did he start it? This is the question the entire world is asking.

I say this trip was very timely because I felt, because of the statements made by representatives from all across the hemisphere, mainly that reflected... [pauses] the distinguished members of the Ecuadoran media who were there ascertained how I felt about the Uruguayan people and the citizens who came for the ceremony from neighboring countries, meaning Chile and Brazil, from the Ecuadoran communities there—communities that are small but large in spirit. At that moment, I felt Ecuador was the hero of America.

I felt that, through those people, we were being told: Well done, Ecuador, for keeping your honor high. Well done, for your Armed Forces, which remained at their posts. Therefore, I made this gesture. It was a gesture of great sincerity and motivation, and I really made it on your behalf, on behalf of the 11 million Ecuadoreans who are listening. I could do no less. Perhaps it was a bit discourteous, but it was justifiable, considering the wrongful situation into which two peoples were plunged by the evil idea of one man.

You have probably learned what President Fujimori said yesterday to Uruguayan television. We have brought videos to show this in Ecuador, because what he himself said is the best evidence of his warmongering spirit. He said Peru had stockpiled weapons to defend itself or to attack its southern neighbor, and he added that it was later easy for him to transfer those legions to the northern border. This proves there was a premeditated plan to attack us and invade Ecuadoran territory.

The people of America, through their representatives at that incredible meeting in Uruguay, proved to Ecuador that reason was on our side and that they supported us.

They applauded our soldiers' campaign. They applauded our national unity, and we have managed to secure their [word indistinct] for our country. Just a moment ago I said this was an unforgettable event. It was unforgettable when those of us in attendance could see what the true application of democracy means. President Sanguinetti took office legitimately for the second time. In order to do this, he reached an agreement with his opponent to establish a national unity government. The lesson we taught during the crisis, as well as the lesson taught by this eastern nation of Uruguay, should be learned by all nations of the hemisphere: Democracy must reign throughout the continent and national unity must be real, effective, profound, sincere, and honest in each and every country, just as demonstrated by our country over the past few weeks.

As I return to the fatherland, I call on all Ecuadoreans not to let this enthusiasm die, not to permit this to be a passing fad. Having seen that we are capable of setting our differences aside when we have a common cause, we must now make the fatherland our common cause and find ways to identify our problems and move on to find solutions that will lead us to a better Ecuador in the future.

This, therefore, is the message I would like to bring to you as I return to the post that you, the Ecuadoreans, bestowed upon me on 10 August 1992. I believe the whole country is aware that I have done my duty in the best possible way, investing all of my patriotic love, effort, and enthusiasm in remaining faithful to the oath I took on 10 August. I hope to continue to do so until the last day of my administration. Thank you, very much.

Urges Changing Rio Protocol

PY0303032995 Madrid EFE in Spanish 0016 GMT 3 Mar 95

[FBIS Translated Excerpt] Santa Cruz (Bolivia), 2 Mar (EFE)—Ecuadoran President Sixto Duran-Ballen said today in Bolivia that the border treaty signed by the Peruvian and Ecuadoran governments on 29 January 1942, known as the Rio de Janeiro Protocol, must be changed.

During a two-hour stopover in Santa Cruz on the way from Uruguay to his country, Duran-Ballen said that once the cease-fire between Ecuador and Peru is in force, the mediators (Argentina, Brazil, Chile, and the United States) in the conflict and guarantors of the Rio de Janeiro Protocol must change the treaty.

He said: "I want to believe the cease-fire will be obeyed this time, after which the two countries (Ecuador and Peru) and the four guarantors must agree on changing the Rio de Janeiro Protocol. This will be the most imporant phase."

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Duran-Ballen added that the cease-fire is "one more phase" but not the most important on the path to a peaceful solution of the border conflict between the two countries, which became involved in an undeclared war on 26 January. [passage omitted]

Official Rejects Loss of Border Sites in Talks

PA0203200595 Quito Voz de los Andes in Spanish 1700 GMT 2 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Deputy Foreign Minister Marcelo Fernandez de Cordoba affirmed today that at the end of the negotiations to solve the territorial conflict with Peru, Ecuador will not have lost the detachments that it has been defending to date and that the Peruvians are claiming as their own.

Asked if it is possible that Ecuador will give up Tiwinza, Base Sur, and Cueva de los Tayos, Fernandez de Cordoba empathically replied: No. Base Sur, Tiwinza, and Cueva de los Tayos, he said, will serve as bases so that the guarantor countries' observers will set up their operations centers for 90 days, a period that could be extended.

A group of at least 40 observers from Argentina, Brazil, Chile, and the United States will stay three months, or more if circumstances warrant it, in the conflict area to verify the cease-fire, the withdrawal of troops, and the demilitarization of the area in dispute.

The deputy foreign minister said that the negotiations process might last several days, even months, because the cease-fire must first be established and then a demilitarized zone must be created with the transfer of the Ecuadoran and Peruvian troops to Coangos and Watch Post One. Speaking to the local media, he ruled out the possibility that Peru will occupy the detachments from which Ecuador will withdraw in compliance with the peace agreements. If this is a demilitarized zone, it cannot be occupied by Peru, he said. We will have to see what the negotiations process will bring. In any case, there is no reason to be pessimistic when circumstances are in our favor, the Ecuadoran deputy foreign minister added.

Defense Minister Confirms Cease-Fire Compliance

PA0203195895 Quito Voz de los Andes in Spanish 1700 GMT 2 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Defense Minister General Jose Gallardo Roman confirmed this morning that Ecuador is strictly complying with the cease-fire in the Upper Cenepa area and denied any developments have taken place in the past 24 hours.

Gallardo's declarations confirmed the information contained in the bulletin issued by the Armed Forces Joint Chiefs of Staff, which was disclosed last night. According to this bulletin, no developments had taken place on the battlefront during the entire day. Gallardo voiced his hope that this truce in hostilities and strict respect for the Montevideo Declaration will continue. Peace is the goal of the Latin American nations that issued a statement in Uruguay, and we must respect it, the minister stated.

Gallardo pointed out that the Ecuadoran Armed Forces have confidence that the continental aspiration will be respected. However, Ecuadoran soldiers are on alert, with the utmost responsibility to defend their territory. Gallardo complained that last Tuesday, Indians armed with spears entered the area of Cueva de los Tayos, and he referred to this action as a Peruvian stratagem to represent pseudo-settlements that were never there.

Alluding to declarations attributed to Brazilian General Ariel Pereira Da Fonseca conveying praise for the Peruvian Armed Forces, Gallardo noted that Pereira Da Fonseca made the same comments when he visited Ecuador, but this was not disclosed to the media out of respect for Pereira Da Fonseca. Pereira Da Fonseca is the chief of the advance mission of observers from the guarantor countries.

Gallardo reiterated his hope that Peru will understand, once and for all, that Ecuador is not an aggressive country, but that it is capable of defending itself because its army is brave and firm and its people united. What matters, he remarked, is achieving a peaceful coexistence between the two countries in the coming years.

Joint Command Bulletin Denies Cease-Fire Violations

PA0303022695 Quito Radio Quito in Spanish 0050 GMT 3 Mar 95

[Official Bulletin No. 38 issued by the Ecuadoran Armed Forces Joint Command in Quito on 2 March—read by reporter Patricio Gonzalez at the Presidency in Quito]

[FBIS Translated Text] The Armed Forces Joint Command informs the country that:

1. The daily LA REPUBLICA published in Lima reported today that yesterday morning and afternoon Ecuador again violated the cease-fire and attacked Peru from Coangos in the Ampana zone with mortar fire and heavy artillery. The objective, according to the daily, was blocking supplies for Peruvian soldiers posted in the false Tiwinza. The Armed Forces Joint Command deems it necessary to clarify that the area of Ampana is located 40 km west of Coangos, in other words, totally removed from the conflict zone, and the observers from the guarantor countries were in Coangos yesterday morning and afternoon. Therefore, those reports are part of a campaign by Peru to create confusion among the national and international public.

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2. According to reports received from the Condor Brigade there have been no clashes between the two armies in the area of conflict. Observers continue with their planning and activities geared toward the normalization and full implementation of the cease-fire.

3. The consolidated balance of casualties up this date is as follows: killed in combat, 28—attention, one more was added to yesterday's total—wounded in combat, 87.

Minister: Peruvian Soldiers Killed Before Cease-Fire

PA0303013695 Quito Voz de los Andes in Spanish 2300 GMT 2 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The bodies of two Peruvian soldiers, which arrived in the village of Bagua, located 200 km south of the battlefront, were casualties sustained by Peru before the signing of the Montevideo Declaration, Ecuadoran Defense Minister Jose Gallardo said.

Gallardo told journalists that Peruvian forces must be referring to the deaths which occurred the day before yesterday. Gallardo confirmed there were no clashes or attacks on Wednesday, in compliance with the peace declaration signed in the Uruguayan capital that same day. He said international observers visiting the battlefront have reportedly confirmed this information.

According to reports from Lima, the death of the two Peruvian soldiers occurred after the Montevideo Declaration was signed. Several Peruvian jurists recommended the denunciation of this incident. They suggested the accusation should be presented to the guarantor countries of the peace agreements and of the Rio de Janeiro Protocol.

The Ecuadoran defense minister said that casualties are often reported to military and political officials several hours after they occur. They are later revealed to the media, he said.

In this regard, the Ecuadoran defense minister said that on Wednesday night, the Joint Command of the Ecuadoran Armed Forces informed that the number of Ecuadoran injured soldiers increased from 80 to 87, which does not mean they were injured after the signing of the Montevideo Declaration.

Gallardo said Ecuador is faithfully complying with the cease-fire in the upper Cenepa and denied other clashes had been reported in the last 24 hours, something the State Communications National Secretariat was able to confirm. Peace is a desire of the Latin American peoples, who spoke in Uruguay, and it is necessary to respect it, the Ecuadoran military officer said.

Gallardo also expressed his desire, as well as that of the Ecuadoran Armed Forces, to respect international agreements. The Ecuadoran defense minister said he hopes a peaceful solution is found.

Observers To Maintain Permanent Mission at Coangos Post

PA0303005895 Quito Voz de los Andes in Spanish 2300 GMT 2 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] It has been reported from Patuca, Ecuador, that the acting observers on the Ecuadoran side will maintain a permanent mission at the Coangos border post starting today in order to supervise the fulfillment of the cease-fire agreements signed with Peru.

The representative of the Ecuadoran Foreign Ministry, Diego Rivadeneira, has confirmed that hostilities have completely ceased in the area. He has said there are no clashes of any kind or shots being fired. Rivadeneira has said the military attache of the Chilean Embassy in Quito, Colonel Mariano Gonzalez, was able to travel to the military detachment in Coangos and will remain there until tomorrow, because the heavy rains that have been falling in the region have stopped.

The rains had initially precluded the observers' trip to the area. The acting observers from Argentina, Brazil, Chile, and the United States were prevented from traveling to the Ecuadoran-Peruvian conflict area due to heavy rains, the Ecuadoran Embassy [as heard] reported.

Army Captain (Ramiro Burneos) has said in Patuca, where the observers are staying and which is located approximately 50 km north of the conflict area, that they had planned to reach the Ecuadoran base of Condor Mirador and then proceed to Coangos, where they had planned to sleep. Both bases are located south of Tiwinza, where the Ecuadoran captain has said he had traveled before the heavy rains began. A group of journalists from Patuca has also traveled to Tiwinza.

Paraguay

Minister: U.S. Financial, Technical Aid Needed To Fight Drug Trafficking

PY0303014095 Asuncion ULTIMA HORA in Spanish 2 Mar 95 p 6

[FBIS Translated Text] Foreign Minister Luis Maria Ramirez Boettner said during a news conference at the Foreign Ministry this morning that it will not be possible to fight drug trafficking or the transit of drugs through our territory if the United States does not provide adequate financial and technical cooperation to the country.

Ramirez Boettner said: "We receive the U.S. State Department decision classifying Paraguay as class two, of the three existing categories, with surprise, annoyance, and indignation. The report reflects the belief that our country does not cooperate enough in fighting the transit

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of narcotics, adding that financial aid to Paraguay will not be suspended for political reasons."

Visibly annoyed by the U.S. report, the foreign minister argued that Paraguay has many social and economic problems to attend to, such as the problem of education, and it cannot do all it must due to the limitations commensurate with an underdeveloped country possessing scarce financial resources. For these reasons, if the United States wants firmer action in the fight against drug trafficking, it must give Paraguay the necessary resources for efficient action.

"Paraguay has many urgent needs to attend to. We need schools. You cannot assume that we, without any help, can fight drug trafficking and the large cartels that are located in and operate from rich countries," the foreign minister argued.

Three Radars and Three Helicopters

At another point during the news conference, Ramirez Boettner said that Paraguay had asked the United States for three radars and three helicopters to fight the transit of drugs through our territory.

The United States, however, never provided us with this cooperation, and the government is having tremendous difficulties with regard to controlling our borders, given the meager means and elements at our disposal.

Ramirez Boettner insisted that it is not just for the United States to say that Paraguay is not doing enough in this area when "the Wasmosy administration is exerting a very great effort to fight drug trafficking, which destroys societies and corrupts our youngsters."

The foreign minister said that he will get in touch with his Bolivian, Colombian, and Peruvian counterparts with regard to writing a letter to President Clinton requesting a frank dialogue and seeking a commitment of stronger support in fighting the drug trade. The foreign minister said the United States can help us not only with more financial assistance, but also with training.

Peru

Ecuador Urged To Stop Ill Treatment of Peruvians

PY0203225195 Lima Radio Programas del Peru Network in Spanish 2136 GMT 2 Mar 95

[FBIS Translated Text] Peru has called on Ecuador to stop the ill treatment of and threats against Peruvian civilians living in that country. The Foreign Ministry confirmed that 11 Peruvians have disappeared after being detained by Ecuadoran military units; therefore, the ministry expects a report on the whereabouts of the Peruvians.

The Foreign Ministry communique says that all the reports on arrests and disappearances are precise and can be verified, and that they were submitted in writing by the people involved or their relatives to international human right organizations.

Reporters' Effects Searched; Conflict Zone Access Banned

PY0203222095 Madrid EFE in Spanish 1518 GMT 1 Mar 95

[FBIS Translated Text] Lima, 1 Mar (EFE)—It was reported today that three armed men had searched the rooms of Peruvian journalists assigned to cover the Peruvian-Ecuadoran military conflict in the locality of Bagua, 250 km from the front.

A hotel employee said that while one uniformed man watched the corridor, two civilians entered the rooms and stayed there for about one hour.

The intruders searched the news material and the personal effects belonging to reporters of six Peruvian media organizations.

Correspondents of Channel 2 and of Radio Programas del Peru reported that everything in their rooms at the Wilson Hotel in Bagua had been turned upside down and that their audio and video recordings had been rewound by the intruders.

In a report carried today by the newspaper EL COMERCIO, reporters of the newspaper EXPRESO of Lima and LA INDUSTRIA of the northern city of Trujillo, of the state-owned television station, and of the Lima newspaper YA PUES have made a similar complaint.

EL COMERCIO reported that only its reporters and those of LA REPUBLICA of Lima have been spared the search.

The reporters affected by the search added that whenever they tried to report to their Lima editor what was happening, their communication would be cut off.

The military command announced on 27 February an indefinite ban on access by reporters to the bases adjacent to the conflict zone.

This measure was justified by simultaneously announcing that a movement or reconfiguration of the Peruvian troops in the border area was under way.

Reporters assigned to the military conflict zone said that they had been denied access to the Bagua airport and to the El Milagro barracks, from where the Peruvian military operations are being directed. They added that all military sources of information have also been shut down.

Peru has restricted press access to news on the conflict since 26 January, when hostilities broke out between Ecuador and Peru. Peruvian President Alberto Fujimori justified this position later by noting that it was "a strategy."

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Access by the press, especially the foreign press, to the theater of operations has been limited and scarce since hostilities started a little over a month ago.

During his five trips to the conflict zone, Fujimori took with him only Peruvian reporters and those of certain media organizations.

Reporters accompanied Fujimori last week on his trip to the Cueva de los Tayos and Watch Post 1 (PV1) posts, which had been retaken from Ecuador. The military news ban came on 27 February.

Armed Forces Joint Command Creates 6th Military Region

PY0303025995 Lima Radio Programas del Peru Network in Spanish 2348 GMT 2 Mar 95

[Live telephone relay by Ismael Byron Horna from El Milagro military base in Bagua]

[FBIS Translated Text] During a military ceremony to be held tomorrow, the 5th Jungle Infantry Division, which has its headquarters in El Milagro, will become the 6th Military Region, commanded by Luis Perez Documet, division general and staff chief of the Armed Forces Joint Command. The deputy chief of the new military region will be General Vladimiro Lopez Trigoso, who is chief of El Milagro military base until [words indistinct]. General Nicolas de Bari Hermoza Rios, chairman of the Armed Forces Joint Command, will attend the ceremony. The characteristics of the new military region created by the Armed Forces Joint Command to reinforce the defense of our national sovereignty are as follows: The 6th Military Region will have its own budget to become autonomous, and it will also have detatchments of the Air Force and the Navy covering the entire northeastern region of the Maranon.

Venezuela

Burelli on Colombian Liability for Border Incident

PA0303012795 Caracas Venezolana de Television Network in Spanish 1550 GMT 2 Mar 95

[From "The News" newscast]

[FBIS Translated Text] Just moments ago, at the Miraflores Presidential Palace, Foreign Minister Miguel Angel Burelli Rivas said that the Colombian Government will not only have to respond to the events at Cararabo, but may have to face legal action by the victims.

[Begin Burelli recording] The Colombian Government is not to blame in this attack. That does not mean that Colombia is free of responsibility. That is a different matter. Blame is one thing and liability is another. If, for example, the relatives of the victims were to decide to ask the Colombian Government for indemnity, my office would have to process their indemnity claims before the Colombian Government. This is a golden opportunity for Colombia to show it is willing to respond to one of Venezuela's requests. We have the Larry Tovar Acuna matter for which there is no solution. The return of stolen cars has still not been cleared up. We are working on the drug trafficking commission and other commissions. We must get these commissions working. [end recording]

Council Agrees on Financial Emergency Board Restructuring

PA0203195495 Caracas Venezolana de Television Network in Spanish 1550 GMT 2 Mar 95

[From "The News" newscast]

[FBIS Translated Text] The Council of Ministers gave the go ahead, as planned, to the Finance Ministry proposal to restructure the Financial Emergency Board [JEF]. Likewise, the Fogade [Deposit Guarantee and Banking Protection Fund] president offered to resign, and it is believed that the General Bank superintendent will resign today.

The scheme approved by the Council of Ministers is to leave the JEF with five members: the finance minister, who continues to preside over it; the president of the Central Bank of Venezuela; and three members designated by the president. Fogade and the General Bank Superintendency will attend the meetings as guests.

But the problem is not resolved just by a change in name. The finance minister is expected to modify the structures and systems in order to gain proper control on bank handling.

This new JEF course is an attempt by the executive branch to halt irregularities and deficiencies in the handling of the crisis.

[Begin Finance Minister Luis Matos Azocar recording] The decree serves to strengthen the JEF; it can now remove the government-appointed administrators who are not keeping to the schedule we are demanding for the rapid liquidation of assets. [end recording]

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